EUROPE'S BUSINESS NEWSPAPER
FINANCIAL TIMES
No. 30,704 Weekend November 26/November 27 1988 D 8523 A

WORLD NEWS

Nato shows scale of East's power

Warsaw Pact troops in Europe outnumber Nato's by 3.09m to 2.21m, according to Nato's most detailed assessment to date of the balance of conventional forces in the continent. The figures also suggest that Nato can muster only 16,424 tanks against the East Bloc's 51,500. Page 22; Eurofighter accord to bring 20,000 jobs, Page 4

Powers over funds
Police would have wider powers to investigate and seize funds destined for terrorist organisations under the new Prevention of Terrorism Bill. Page 5

Teacher wins rape case
A 25-year-old teacher was awarded over £25,000 damages against a physiotherapist she said had raped her at his Benfleet, Essex surgery. The civil action at the High Court in Chelmsford for "trespass to the person" followed a decision not to proceed with a rape trial against Kenneth Cain of Essex.

Peter May steps down
Peter May has quit as controversial chairman of England's cricket team selectors after seven years, saying "now is the right time for a change".
England may join New Zealand and Pakistan in a one-day cricket series in New Zealand early next year.

Israeli jet strike
Israeli jets attacked Palestinian targets near Sidon in southern Lebanon, killing one guerrilla and wounding 10. In Beirut, where rival Shia Muslim factions are again fighting in the suburbs, Syrian troops intervened to try to halt the violence. Page 2

Ryan flies to Dublin
Patrick Ryan, wanted in Britain on terrorist charges, was put on an flight from Brussels to Dublin with a prison escort last night. The former priest was said to have been within days of death after a three-week hunger-strike.

Suspect interviewed
British police in Lyons, France, questioned farmworker David Evans for two hours about the disappearance of 15-year-old Anna Humphries of Penley on the North Wales border two weeks ago.

Penal reform report
Prisoners should automatically be freed half way through sentences of up to four years, a government committee recommended. At present inmates are eligible for parole after serving a third of their sentences but parole requests may be rejected. Page 4

Cocaine plot case
An Old Bailey jury in London found three men guilty of conspiracy to smuggle Bolivian cocaine into Britain. John O'Boyle of Detroit in the US was jailed for a total of 18 years and accomplices Lloyd Hibbert of east London and David Refrey from Middlesex for 10 years each.

Sadler's Wells crisis
The London-based New Sadler's Wells Opera Company faces liquidation and has called a creditors' meeting for next month.

Fog havoc
Freezing fog in Britain caused one road death and more than 20 injuries in a series of collisions.

More pit closures
British Coal confirmed plans for more pit closures and job losses and boosted voluntary redundancy terms for older miners. Page 5

Inquest blames mine
South Africa's Ermelo Mines, a subsidiary of General Mining Union and five former mine officials were found responsible at an inquest for the deaths of 35 black coal miners killed in an underground blast south east of Johannesburg last year.

BUSINESS SUMMARY

BA joins consortium bid for Air NZ

BRITISH AIRWAYS is taking part in an international consortium bid to take over state-owned Air New Zealand. It is competing against a consortium which includes Sir Ronald Brierley, New Zealand financier, and Qantas, Australian airline. Page 22; BA hopes of Lan Chile stake improve; Page 10

RANKS Hovis McDougall, British bakeries and food group, is to pay £80m in cash for RJR Nabisco's UK breakfast cereals interests, which include the Shredded Wheat brand name. Page 22

VITTORIO Ghidella resigned as managing director of Fiat Auto, apparently after losing a strategic debate with Cesare Romiti, group managing director, over future strategies and Fiat Auto's place within them. Page 22; Details, Page 3

TOKYO Stock Exchange is investigating unusual share trading activity which happened before a Y16.6bn (£75m) corporate deal earlier this month. Page 2

SPANISH police in Marbella claim to have broken a major operation selling shares worth £300m in non-existent companies by telephone to gullible investors, many of them British. Page 2

FILIPPO Maria Pandolfi, is to succeed Lorenzo Natali, as Italy's new member of the next European Commission from January. Page 2

AUSTRALIA warned that failure of the forthcoming Montreal review of trade talks could threaten the entire Uruguay Round and possibly lead to international trade war. Page 2

MARCH Group, Spanish industrial and financial conglomerate, reached agreement in principle to buy Banco Urquijo Union, Spanish bank, from Banco Hispano Americano, for between Pta50bn and Pta60bn (£240m). Page 10

NORTH Broken Hill, Australian mining and forestry group, is to remove Elders Resources NZFP, mining offshoot of Elders IXL, from its share register. Page 10

NIPPON Telegraph and Telephone, Japanese telecommunications group, announced a sharp fall in pre-tax profits to Y170.6bn (£768m) in the six months to September, only five weeks after the Japanese Government raised Y2,850bn in its latest tranche of share issues. Page 10

LORD ALEXANDER, chairman of the Takeover Panel, said there was some merit in reducing the disclosure level for new stakes in companies from 5 per cent to 3 per cent, and the time limit for disclosure from five days to 24 hours. Page 5

COMBINED engineering industries continued to grow, with a 6.5 per cent increase in output in the third quarter, 12 per cent above the same period last year. Page 5

LONDON Shop rejected an "unwelcome" £269m cash bid from fellow property company Peel Holdings. It said the offer did not reflect the value of the company. Page 8

MONOPOLIES and Mergers Commission was asked to review the hostile £41m bid by Strong & Fisher for Pittard Garnar, fellow British leather company. Page 8

NORTHUMBRIAN Water Authority added its voice to protests over the agreed offers launched by Lyonnaise des Eaux, French water supplier, for Sunderland & South Shields and Newcastle & Gateshead water companies. Page 8

BOND Corporation's programme of asset disposals seems set to continue with the sale of the Australian group's 31 per cent holding in Dewey Warren, the insurance broker. Page 8; Bond Corporation International, Page 10

BASE RATES UP ONE PERCENTAGE POINT ● HIGHER MORTGAGES LIKELY

Worst ever trade figures

By Peter Norman, Simon Holberton and Charles Hodgson

MR NIGEL LAWSON, Chancellor of the Exchequer, yesterday forced up borrowing costs for the ninth time since June, after the Government published its October trade figures showing a record monthly deficit.

The current account deficit, which includes trade in goods and services, was a seasonally adjusted £2.4bn in October, compared with £600m in September, and brought to £12.4bn the cumulative deficit in the first 10 months of this year.

In response to this clear sign of excess demand in the economy, the Bank of England signalled a rise in interest rates at its mid-day money market operations.

The Bank's move was followed quickly by Barclays and the other big clearing banks, which raised their base rates by 1 percentage point to 13 per cent.

It is likely that mortgage interest rates will also rise. Building societies said they would try to hold the increase to ¾ of a percentage point, which would result in rates of around 13¾ per cent.

The Chancellor defended his decision at a meeting of businessmen and women in Birmingham yesterday. He said that in spite of the "freakish" nature of the October figure, import levels suggested the economy was continuing to grow too quickly.

The rise in interest rates, for which he took personal responsibility, was "a clear indication that this Government is not prepared to take any risks with inflation."

News of the trade deficit caused the pound to plunge by one cent and 1.5 pfennigs on foreign exchange markets before recovering in anticipation of the rise in interest rates just half an hour later. After the Bank's action, the pound continued its advance, closing a cent higher at $1.8440 and 1.5 pfennigs higher at DM3.1625 compared with Thursday's close. On the Bank's trade weighted Sterling index, the pound closed 0.4 higher at 77.6.

Share prices tumbled on the news and stayed depressed, with concern expressed over the effect on the sale of British Steel. Gilt-edged securities prices fell an initial ¾ of a point for long dated stocks and weakened further to close a point down. Short gilts closed off nearly 1⅛ points.

The Labour Party called for an immediate change of course by Mr Lawson, urging him to introduce credit controls and stimulate industrial investment in the next Budget.

Mr Gordon Brown, Labour Treasury spokesman, said the Chancellor's "arrogance and incompetence" had led to the record trade deficit, and the highest interest and inflation rates in Europe.

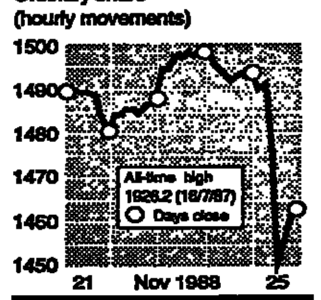
He challenged the Chancellor to announce measures to close the trade gap in next Tuesday's full-scale Commons debate on the economy.

Backbench Tory MPs rallied to support the Chancellor. Sir William Clark, chairman of the Conservative backbench finance committee, expressed confidence that the rise in interest rates would be sufficient to cool consumer spending, although he conceded that it might take up to six months.

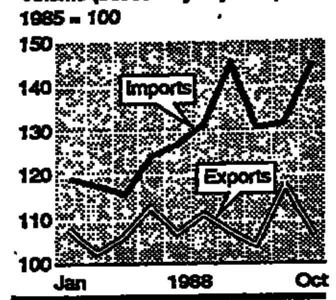
Sir William said that the Chancellor's successes outweighed "the odd mistakes he may have made" and he rejected the need for a change of economic policy. However, Mr David Howell, former Conservative Cabinet minister, said that the trade deficit was "just too high" and that the next budget should use some of the "colossal" public sector surplus for measures to boost personal savings.

Britain's visible trade showed a £2.9bn shortfall last month after September's £1.1bn deficit, bringing the Continued on Page 22
Background, Page 4; Editorial comment, Page 6; Equities tumble, Page 15; Lex, Page 22

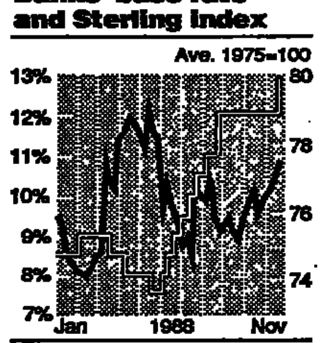
FT Index
Ordinary share (hourly movements)



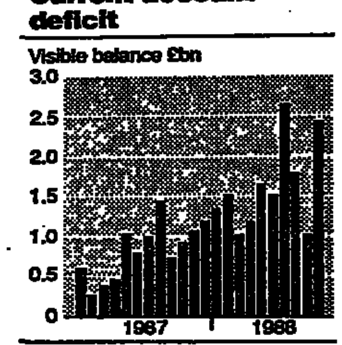
Trade balance
Volume (seasonally adjusted) 1985 = 100



Banks' base rate and Sterling index



Current account deficit
Visible balance £bn



Share price fall dampens prospects for steel sell-off

By Philip Coggan

THE SHARP fall in London share prices yesterday in response to the double dose of bad news on trade figures and interest rates dampened the prospects for the proposed British Steel share offer.

The FT-SE 100 index was down more than 50 points at one stage but recovered slightly by the close of trading to end the day 38.3 points down, at 1,794.7, the second largest daily fall this year.

Selling pressure was so intense that for about an hour, the Stock Exchange declared a "fast market," when market makers are allowed to treat the prices they quote on the Seaq computer-based system as merely indicative rather than firm prices at which they must buy or sell.

The stock market's plunge was a dismal omen for the success of British Steel's £2.5bn flotation, which was launched on Wednesday. Memories of last year's British Petroleum offer, launched just before the stock market crash, inevitably resurfaced.

On that occasion, the fall in share prices threatened underwriters with immense losses and the Government was forced to bring in a safety net to support the offer.

However, the Government is understood to have known of the bad trade figures when setting the British Steel share price this week, although the Department of Trade and Industry refused to comment on the subject yesterday.

At 125p, the British Steel share price was at the bottom of expectations, leading to initial accusations that British Steel was being sold on the cheap. But following yesterday's news, it appears that Lord Young had reason to be cautious.

Several factors should save the British Steel offer from the same fate as BP. The shares carry a prospective 8 per cent yield, which should make the offer attractive to income funds. In addition, the sheer size of British Steel means it will become a component of the FT-SE 100 Index, and thus a necessary buy for those fund managers who seek to track the stock market indices.

British Steel workers, Page 5; If at first you don't succeed, Page 7

Armenia joins Baltic states in call for constitutional change

By Quentin Peel in Moscow

TENS OF thousands of Armenian demonstrators defied emergency curfew regulations yesterday, and strikes paralysed activity in the cities of Yerevan and Baku, as Soviet troops struggled to restore order to the republics of Armenia and Azerbaijan.

There were unconfirmed reports of deaths in disturbances between Armenians and Azeris in the most serious unrest since riots in the city of Sumgait in February left 32 dead.

The Armenian Supreme Soviet held an extraordinary session into the early hours of the morning, at which the deputies lined up with the Baltic republics, and neighbouring Georgia, in calling for changes in the constitutional reforms Mr Mikhail Gorbachev is seeking to get approved next week.

A full plenary meeting of the Communist Party central committee is expected to be held in Moscow on Monday to consider the spreading revolt of the outlying Soviet republics against the constitutional reforms.

The ruling Politburo has promised "substantially to improve" the constitutional changes, which have been criticised for failing to meet the demands for more regional autonomy from the dissident republics. A statement promised that the revised amendments would reflect public opinion more fully, but gave no hint of a delay in next week's crucial Supreme Soviet session, as demanded by Armenia.

The Politburo also promised "fundamental changes" in the structure and style of work of the central committee apparatus – the heart of the Communist Party's bureaucracy.

There was open defiance of the Soviet security forces in Yerevan, when a huge crowd refused to disperse after a military curfew was announced. They insisted on staying until the end of their Supreme Soviet session at 1.30am, which again called for the enclave of Nagorno-Karabakh, ruled by Azerbaijan, to be transferred to Armenia.

The deputies also passed a string of resolutions condemning the Sumgait riots as genocide, calling for all the rioters to be tried by the USSR Supreme Court – and not in Azerbaijan – and condemning the Azerbaijani press for "slander and insults to the Armenian people."

In Azerbaijan there were unconfirmed reports of further disturbances in Kirovabad, where earlier in the week three soldiers died attempting to keep the peace between Armenians and Azerbaijanis.

An Azerbaijan Government spokesman said the situation remained very tense. There were continuing demonstrations in spite of the declaration of emergency regulations.

Gorbachev fights the flames, Page 6

Oil prices rise as Opec nears output agreement

By Steven Butler in Vienna and Max Wilkinson in London

WORLD OIL prices rose steeply yesterday amid general expectations that the Organisation of Petroleum Exporting Countries would formally agree new production limits in Vienna today.

Agreement was in doubt yesterday after Mr Gholamreza Aghazadeh, the Iranian oil Minister, abruptly departed for Tehran.

However, most observers believed that the Iranian leadership will accept a deal which will bring Iraq back into the cartel and cut oil production by more than 2m barrels per day.

In European trading, North Sea Brent crude for 15 week delivery rose by $1.70 to $14.60.
Continued on Page 22
Man in the News, Page 6

Young rules against Al Fayed referral

By David Waller

THE £615m takeover of the House of Fraser stores group in 1985 by the Egyptian-born Al Fayed brothers should not be referred to the Monopolies and Mergers Commission, according to Lord Young, Secretary of State for Trade and Industry.

His ruling yesterday, given four months after DTI inspectors completed an investigation into the acquisition, came as a blow to Lonrho, the international trading group which was prevented by the Monopolies Commission from making a bid for the Harrods stores group in 1981.

The investigation was instigated in April, 1987, following an aggressive lobbying campaign from Lonrho.

After considering the advice of the Director General of Fair Trading and the inspectors' findings, Lord Young said a referral would "not be appropriate." The DTI added in a brief statement that "it may be appropriate in due course for other steps to be taken in the light of the inspectors' report."

The DTI refused to expand on what the "other steps" might be. It did say, however, that the report could not be published pending enquiries being made by the Serious Fraud Office, called in two months ago following the discovery of "previously undisclosed material facts."

In a separate but related development yesterday, the company won the chance to challenge the Government's decision to delay publication of the report. Two Court of Continued on Page 22
Judgment, Page 4

MARKETS

STERLING
New York lunchtime:
$1.84275
London:
$1.844 (1.8355)
DM3.1625 (3.1475)
FFr10.81 (10.765)
SFr2.6475 (2.6375)
Y223.25 (222)
£ Index 77.6 (77.2)

GOLD
New York: Comex Dec
$420.1
London:
$424.25 (420)

N SEA OIL (Argus)
Brent 15-day Dec
$14.60 (12.90)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.7155
FFr5.8625
SFr1.436
Y121.175
London:
DM1.715 (same)
FFr5.8625 (5.865)
SFr1.436 (1.437)
Y121.05 (120.9)
$ Index 92.0 (same)
Tokyo close: Y121.15

US LUNCHTIME RATES
Fed Funds 8⅝%
3-mo Treasury Bills:
yield: 8.31%
Long Bond: 98⅝
yield: 9.16%

STOCK INDICES
FT-SE 100:
1,794.7 (−38.3)
FT Ordinary:
1,462.6 (−31.1)
FT-A All Share:
934.96 (−2.2)
FT-A long gilt yield
index high coupon:
9.31 (9.24)
New York lunchtime:
DJ Ind. Av.
2,071.12 (−21.16)
Tokyo: Nikkei
29,406.65 (+66.62)

LONDON MONEY
3-month interbank:
closing 12[illegible]% (12[illegible])

CONTENTS

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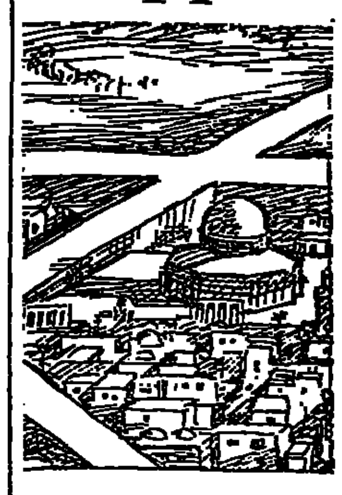
Weekend FT



ISRAEL AND THE JEWS
Elon Salmon explains why the Orthodox upsurge in Israel worries the diaspora

Finance
Why the Swiss market will never be the same again
Page III

Travel
What to do in a ski resort when you don't want to ski
Page XII

How to Spend It
Lucia van der Post goes shopping in Boston
Page X

Books
The pick of the year's books
Page XX

Special Report
On Christmas fare
Page X-XI

Saleroom
Why Picasso holds the key to next week's sales
Page XXVI

OVERFISHING AFFECTS WHITE FISH STOCKS

Reductions in North Sea quotas proposed

By Tim Dickson in Brussels

FISHERMEN in the North Sea face cuts of more than 50 per cent in the size of their quotas for certain species, if new rules for next year being drawn up in Brussels are adopted.

The sharp reductions in the "total allowable catch" (TAC) for haddock and cod – the result of chronic overfishing of some Community white fish stocks – are likely to be proposed by the European Commission when EC fisheries ministers gather for their monthly meeting on Monday.

Several thousand British fishermen and the UK's fish processing industry will be worst hit, but the measures will also affect Danish, West German, French and Belgian boats.

The Community's current system of annual TACs and quotas was established in 1983 and forms the basis of the EC's Common Fisheries Policy.

The regime is inexpensive by comparison with the much larger Common Agricultural Policy – a mere Ecu30m (£19.7m) is likely to be spent on price support in 1989 – but the traditional December bargaining over the size of TACs for the various species generally guarantees heated council discussions late into the night.

So far, the Commission has come forward with only a part of its proposal, gaps having been left for those North Sea stocks which the EC manages jointly with Norway, Sweden and the Faroes, and which are the subject of bilateral negotiations.

Whatever the outcome of these talks, however, the Commission will not ignore the scientific evidence which shows that North Sea haddock and cod stocks are in a particularly bad state.

The advice of one expert, for example, is that the North Sea haddock TAC of 185,000 tonnes (including Norway) this year should be cut to 68,000 tonnes in 1989.

Scientists, meanwhile, have talked about reducing the Community's share of the cod quota from 160,000 tonnes this year to 124,000 tonnes.

The trouble, as one senior official pointed out yesterday, is that, while all member states accept the need for greater long-term conservation "and a level of fishing which would produce a better sustainable yield", most are reluctant to make the short-term sacrifices.

Tokyo exchange probes suspicious trading

By Gordon Cramb in Tokyo

THE TOKYO Stock Exchange has launched an investigation into unusual share trading activity, which took place before a Y16.6bn (£75m) corporate deal this month.

This was confirmed yesterday by Finance Ministry officials. The exchange – which has been criticised in the past for a reluctance to take public action on suspected insider dealing – would not itself admit the existence of an inquiry, saying only that its policy was to conduct such affairs in secret.

Shares in Nissan Construction, a building contractor, attracted exceptional buying demand on November 11, when they rose by 10 per cent. After the market closed that day, it was announced that Hitachi Zosen, an indebted shipbuilder, was selling its 36.7 per cent stake in the company to Nichii, a leading supermarket chain.

This means that the two largest acquisitions within the domestic Japanese market this year have been preceded by well-founded share purchasing. In August, the Stock Exchange held a month-long investigation of a deal worth the equivalent of about $100m (£55m) and involving Nippon Steel, the country's biggest steelmaker, as well as Sankyo Seiki, an engineering company.

It concluded that a number of staff at both of those companies had bought shares in Sankyo Seiki in the 10 days before Nippon Steel acquired 18 per cent of the company. It did not name them, however, and sought no further action.

In both cases the company whose shares were changing hands stood clearly to improve its business prospects as a result. Sankyo Seiki rid itself of a corporate raider, which had been a hindrance to its management for some time, while Nissan Construction can now expect a good share of the Y50bn (£225m) a year which the expanding Nichii group spends in opening new stores and for other facilities.

No wrong-doing has yet been alleged over the latest affair. It may be that the share-buying stemmed not from those within the companies who were privy to advance details but came as a consequence of Japan's cumbersome method of disclosing corporate information.

This is the theory advanced by Nomura Wasserstein Perella (NWP), the mergers and acquisitions offshoot of the country's biggest securities firm, which acted as intermediary in arranging the deal.

Share trading in a company is rarely halted in Japan for price-sensitive information to be disseminated. Rather, announcements are generally made outside trading hours. However, to prepare for these, a network of industry press clubs has to be put on stand-by.

The names of the parties, if not the exact terms, involved in a pending agreement often emerge at first in this semi-public way. According to NWP, which says the system must be changed, Nichii and Nissan Construction had separately admitted, in response to inquiries, that each would announce an affiliation of some sort later that day. From there, the process of deduction would have been relatively straightforward.

The Tokyo Stock Exchange – which also receives advance notice of such events – said yesterday it had no plans to tighten the disclosure system, although the Finance Ministry described the idea that trading in such stocks should routinely be halted as "in the sphere of consideration".

It certainly forms no part of Japan's legislation – supposed to be tough – on insider dealing, which is to take effect next April.

Japanese reshuffle likely after tax victory

By Ian Rodger in Tokyo

SPECULATION about a cabinet shuffle began in earnest in Japan yesterday, following an agreement to extend the current Parliamentary session to December 28.

The extension means that Mr Noboru Takeshita, the Prime Minister, is virtually certain to succeed in passing his controversial tax reform bill before the end of the year.

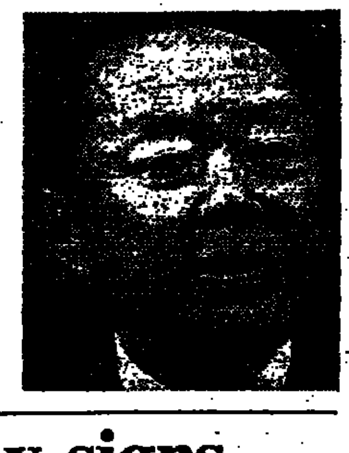
It has already been passed by the House of Representatives and is to be debated in the less powerful House of Councillors.

A victory on tax would considerably enhance Mr Takeshita's power and prestige in the ruling Liberal Democratic Party (LDP). Sources close to him have said this week that he plans to shuffle his cabinet when the current legislative session is complete.

The main thrust of the shuffle would be to bring forward senior members of Mr Takeshita's own faction in the LDP, analysts said.

When he became prime minister a year ago, he was in a relatively weak position and so tried to harmonise the interests of all the factions in making his cabinet.

Analysts said Mr Kiichi Miyazawa, Finance Minister (pictured right) and a potential rival to Mr Takeshita, could be one of the main victims of the shuffle. Mr Miyazawa is being widely criticised for his explanations of his involvement in the Recruit financial scandal.



Fake share operation cracked in Spain

POLICE in the southern Spanish resort of Marbella claim to have broken a big "boiler room" operation which has sold shares worth £200m in non-existent companies by telephone to gullible investors, many of them British. One man has been arrested, writes Peter Bruce in Madrid.

The discovery of the operation could be the beginning of another damaging blow to Gibraltar's shaky position as an offshore investment base. The alleged fraudsters had registered two investment companies there.

Antarctic treaty

Representatives of nine nations yesterday signed a controversial document aimed at protecting Antarctica, but which opponents say threatens the environment, Reuter reports from Wellington.

The Antarctic Minerals Convention, after six years of negotiations, was opened for signature ing in the New Zealand Parliament by the 35 parties to the 1959 Antarctic Treaty.

Brazil, Finland, Norway, South Africa, South Korea, Sweden, the Soviet Union, Uruguay and New Zealand signed yesterday.

Chile, the US, Argentina and Britain have indicated they will do so in a few days, the Foreign Ministry said.

Soviet grain talks

US and Soviet negotiators will meet for another round of grain trade talks in Moscow on Monday and hope to complete a new pact on Soviet purchases by the end of the week, US sources in the Soviet capital said, Reuter reports from Moscow.

Talks in London this autumn had stalled when the Soviet side proved reluctant to commit itself to a high enough volume of grain imports to satisfy US negotiators, anxious to secure a substantial market for their farmers.

Australia warns on Gatt talks danger

By Chris Sherwell in Sydney

AUSTRALIA yesterday repeated its warning to the big trading states that failure of the forthcoming Montreal review of trade talks would pose a grave risk to the whole Uruguay Round and lead to full-scale international trade war.

The outspoken comments, part of the Government's aggressive diplomacy before the talks on the General Agreement on Tariffs and Trade, due to start on December 5, came from Mr Michael Duffy, Trade Negotiations Minister.

They follow strong criticism by Australia, and the Cairns Group of rural exporters, of the stands taken by the US, the European Community and Japan.

The 13-country group is campaigning for fairer world trade in rural commodities, and Mr Duffy said yesterday that progress on reform of agricultural markets was vital to the success of the Uruguay Round. Without it, he warned, the developed countries could not hope for progress in areas such as services and intellectual property.

If both the Montreal talks and Uruguay Round were to fail, he said, "you could have a bet on a trade war". If Montreal were disappointing, however, Australia would continue its fight.

"If things don't go well, we won't throw a tantrum and spit out the dummy," he declared. On the other hand, the review was always intended to be an "early harvest". It was a test of key trading countries' resolve and could be one for the multilateral trading system.

"This is not a stock-take," he said. "Or if it is, it won't be successful. We've heard some sanctimonious lectures on the need for liberalisation. But the time for rhetoric is over. It's time to put up or shut up."

Mr Duffy described Gatt as a "40-year-old organisation which needs cranking up, or it won't see its 50th birthday". He labelled the US objective of no agricultural supports by 2000 "a commendable vision, but it won't work: we can't bleed to death in the meantime".

Syria quells Beirut fighting

By Jim Muir in Nicosia

SYRIAN troops intervened yesterday in an effort to halt the worst outbreak of violence in Beirut since May, as rival Shia factions resumed their internecine battles in the city's southern suburbs.

At least six people were reported killed and many others wounded as fighters from the mainstream Amal movement clashed with radicals from the Iranian-sponsored Hizbollah, using everything from small arms to artillery and tanks.

The fighting erupted late on Thursday, ending a Syrian-sponsored truce which had halted an outburst of clashes this week. The battles spilled into nearby districts of west Beirut, which has been policed by Syrian troops for two years.

When further ceasefire agreements went by the board, the two sides agreed that Syrian forces should move into the trouble spots while the militias stood down. Syrian forces began deploying early yesterday.

The Syrians were not breaking new ground, but reasserting themselves in areas where they had already taken control in the wake of three weeks of devastating battle between Shia factions in May. In recent months, the Syrian presence in the suburbs had been greatly reduced.

Despite the latest Syrian moves, sporadic clashes continued yesterday in the suburbs and in parts of west Beirut.

The fighting prompted bitter exchanges of accusations and recriminations between the two factions, which vie for influence within the Shia community. Amal issued a statement to accuse Hizbollah of trying to carry out a "hellish plot to spread trouble."

It also, for the first time, openly accused Hizbollah of responsibility for the assassination of three senior Amal leaders in September. It was a failed assassination attempt on Hizbollah officials in the eastern Beqaa valley which seemed to provoke the latest clashes, with Hizbollah suspecting Amal of being behind the failed car-bomb attack.

Reuter adds from Sidon: Israeli jets attacked positions of the Lebanese Sunni Moslem Popular Liberation Army yesterday, killing at least five people and wounding 13.

SA suburb puts back whites-only signs

By Anthony Robinson in Johannesburg

BOKSBURG is to Johannesburg what Neasden is to readers of the British satirical magazine Private Eye – a bit of a joke. However, since the municipal polls last month and the election of a Conservative Party town council, the suburb's image has changed.

No longer the apotheosis of suburban mediocrity, Boksburg is carving a reputation as a paragon of white bigotry and the desire to return to the grand old days of full-blooded apartheid.

On Thursday night, at its first working monthly meeting since the October 26 elections, the newly-elected council ruled that "whites only" signs, taken down only two years ago, should be re-erected around the shores of the boating lake, the municipal tennis courts and other council facilities.

The swimming pool will also be for whites only, except when Boksburg becomes the venue for an international swimming match. In that very unlikely event, foreign teams with black swimmers would be allowed to plunge.

Multi-racial audiences, never a dominant feature of local life, have also become a thing of the past. Boksburg's cultural events are to be snow white.

The central business district, which the previous council had sought to have declared open to all races, will revert to whites-only status.

The National Party, which has held power nationally since 1948, but which was defeated in more than 90 Transvaal and Orange Free State municipal elections last month, is holding its breath to see what happens next.

Those who argue that the Government should use its legislative and other powers to block the Conservatives' decisions have been overruled, at least for the moment, by those who argue that the ultra-right party should be given enough rope to hang itself.

Senior government officials are privately hoping that blacks will quietly boycott the white-owned businesses of towns with ultra-racist town councils.

Bofors allegations resurface

By K K Sharma in New Delhi

THE INDIAN Parliament was thrown into turmoil yesterday when opposition members demanded a new inquiry into charges that illegal payments had been made by the Swedish munitions company Bofors on a $1.4bn (£780m) contract with the Defence Ministry in 1986 for supplying howitzers to the Indian army.

The demand follows the publication yesterday by a Madras newspaper, The Hindu, of documents that seemed to show payments were made to Svenska Inc, registered in Panama, for help in landing the Bofors contract. Svenska Inc is said to be a front for recipients of commissions from Bofors.

The newspaper published similar documents about six months ago after a parliamentary committee appointed to inquire into the charges of pay-offs by Bofors had found no evidence of illegal payments.

V.P. Singh: Swiss bank account claim

The committee, which was boycotted by the main opposition parties, was appointed after more than a year of controversy over charges that payments and commissions were paid by Bofors to unidentified agents, which the company denies.

The two chambers of Parliament debated the subject again a fortnight ago after Mr V.P. Singh, the opposition leader, had accused Mr Rajiv Gandhi, the Prime Minister, of having deposited payments by Bofors in a secret Swiss bank account. However, the matter was dropped when Mr Singh refused to repeat his accusation in Parliament.

The publication of potentially damaging documents by The Hindu yesterday provided another opportunity for the opposition to raise the matter. After an uproar lasting more than 30 minutes, the Deputy Speaker blocked attempts to move a censure motion against the Government.

Broadcasting agreement 'may break EC rules'

By William Dawkins in Brussels

A DRAFT compromise among 22 European countries, on common rules for cross-frontier television broadcasting, might contravene EC free trade rules, the European Commission warned yesterday.

The Brussels authorities were reacting to the progress made a day earlier by members of the Council of Europe in agreeing the basis of an international broadcasting convention, opening the way for final adoption of the scheme early next year.

The Commission has been trying for the past two years to cajole the 12 EC states to agree similar, though more detailed, common broadcasting rules. Officials confirmed that Brussels will try to force through its own proposals before the Council settles its convention.

The Council's and the EC's proposals are broadly compatible in that they aim to liberalise broadcasting and to support, with different degrees of legal strength, European programme production. However, the current versions appear to conflict on two points, say EC officials. The Council draft would allow signatories to block foreign advertising addressed specifically at local audiences. This barrier, the European Court of Justice has ruled, is against EC free trade regulations.

Legal experts in Brussels cast doubt on a Council compromise that would let national governments block the re-transmission of foreign cable television programmes, which could also run counter to Community free trade rules.

France's GDP up

France's gross domestic product growth accelerated to an inflation-adjusted 0.8 per cent during the third quarter, from a quarterly rate of 0.4 per cent in the previous three months, the National Statistics Institute reported yesterday, AP-DJ writes from Paris.

The second-quarter rate had been revised down from the previously reported level of 0.5 per cent. During the first quarter of 1988, French GDP was up 1.2 per cent from that of the previous three months.

Egyptian arrests

Egyptian police have detained more than 1,800 people without trial in the last two months, Interior Minister Zaki Badr was quoted as saying yesterday, Reuter reports from Cairo.

He told the semi-official newspaper Al-Ahram that about half the 1,827 people were detained for political reasons or were Moslem fundamentalists.

Italy nominates ex-farm minister to Commission

By John Wyles in Rome

MR FILIPPO Maria Pandolfi, a former agriculture minister, was yesterday named as Italy's new member of the next European Commission from January. He will succeed Mr Lorenzo Natali, a commissioner for 12 years. Mr Carlo Ripa de Meana will serve a second term as commissioner.

The appointments, noted by the Italian cabinet yesterday, have been the subject of controversy and dissatisfaction, having been decided exclusively by the Prime Minister, Mr Ciriaco de Mita, who is also the Christian Democratic party leader, and by Mr Bettino Craxi, the Socialist Party Secretary.

Representatives of two smaller coalition parties, the Republicans and the Liberals, protested yesterday about the lack of consultation over nominations made in the name of the entire Italian Government. Mr Giorgio la Malfa, the Republican leader, recently asked Mr de Mita for a meeting of party leaders on the subject and was angry last night that the choices had not been made collectively.

Mr Pandolfi, 61, is a senior Christian Democrat who was both a minister of finance and of the Treasury in the 1970s.

He most recently acquired experience of Community politics as agriculture minister between 1983 and April of this year, when he refused a position in the de Mita Government to be available for Brussels.

Mr Ripa de Meana, the Socialist nominee, has held the cultural portfolio in the Commission since 1985.

Medicare cuts 'under consideration'

By Nancy Dunne in Washington

ADVISERS to President-elect George Bush are reportedly pondering billions of dollars of cuts in Medicare, the nation's $80bn (£44bn) health insurance programme for the elderly, as part of the struggle to reduce the federal budget deficit.

The cuts would centre on payments to doctors and hospitals in an effort to make the plan more politically acceptable to Congress, but savings could come through higher premium costs for the programme's 33m beneficiaries.

About $3.5bn-$5bn could be saved in the 1990 budget alone, according to the Washington Post. Savings could total $15m a year by fiscal 1995.

Mr Joseph Wright, the current budget director, has said publicly that cuts are under consideration in the final Reagan Administration budget. Cuts in Medicare have also been suggested by Mr Richard Darman, who is to be Mr Wright's successor.

The health care system is a prime target for budget cuts. Despite efforts to control costs, spending on health care – $500bn in 1987 – has climbed far faster than inflation.

Among the proposals under consideration for the next budget are a cut in the increase allowed for inflation in payments to hospitals and doctors, and reductions in subsidies to hospitals for teaching programmes and intern costs.

Mr Bush said yesterday he had made no decision on whether to trim Medicare costs to help reduce the federal budget deficit.

"I keep reading a lot of things in the paper that I'm supposed to be doing that I don't know anything about, so don't make judgments based on stories that really don't have any authority behind them," he told reporters.

Italian railway row

The board of Italy's state railway resigned en masse and magistrates ordered four of them arrested yesterday in a widening fraud scandal involving a $110m contract for train linen and bedding, Reuter reports from Rome.

The scandal, dubbed the "affair of the golden sheets" by the Italian media, erupted last week when magistrates issued seven arrest warrants on charges ranging from defrauding the state to corruption.

Bonn Speaker

The West German parliament elected Rita Suessmuth as Speaker yesterday to replace Philipp Jenninger, who resigned in an international uproar over his speech marking the 50th anniversary of a notorious Nazi pogrom, Reuter reports from Bonn.

Mulroney's man

Canadian Prime Minister Brian Mulroney has hinted strongly that Mr Michael Wilson is to retain the post of Finance Minister in his new cabinet which is expected to be unveiled in the New Year, writes David Owen in Toronto.

Old nationalist tensions lead to Hungary-Romania discord

James Blitz on the unusual spectacle of a bitter diplomatic squabble between two very different East Bloc allies

JUST as East-West relations are entering their most harmonious phase for many years, the relationship between two countries in the East Bloc is plumbing new depths of discord.

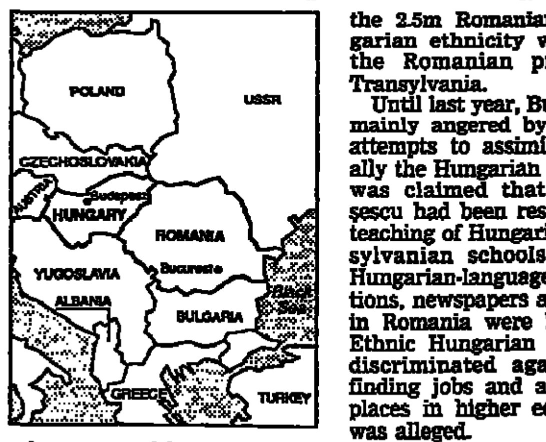
Hungary and Romania have been presenting, for the last 10 days, the unusual spectacle of two socialist allies locked in an unpleasant diplomatic squabble. It all began when Romanian police suddenly said they had arrested a Hungarian diplomat, Mr Károly Gyorfi, for distributing anti-Romanian leaflets.

The Romanians accused him of undertaking "anti-Romanian, anti-socialist and provocative actions", and insisted that the diplomat be recalled to Budapest. When the Hungarians refused, Romania ordered Mr Gyorfi to leave the country.

The diplomat's expulsion, believed to be unique in relations between Warsaw Pact countries, was instantly condemned last weekend by the Hungarian party leader, Mr Károly Grósz, who was convinced the Romanians had simply fabricated the case against Mr Gyorfi. "I do not know who could have thought up the idea of accusing a Hungarian diplomat of disseminating leaflets whose content is libellous and hostile against the leaders of a host country," he said.

The Hungarian Government had no intention of leaving matters there, however. Two days ago, by way of tit-for-tat, they expelled a political counsellor in the Romanian embassy in Budapest. The head of foreign policy in the Hungarian Communist Party, Mr Matyas Szueroes, said the whole affair had brought new elements of tension into Hungarian-Romanian relations.

It is hard to exaggerate the vehemence with which Hungary's senior officials talk about Romania these days.



Tensions between the two countries go back a number of years, mainly with Budapest claiming that President Nicolae Ceaușescu is persecuting the 2.5m Romanians of Hungarian ethnicity who live in the Romanian province of Transylvania.

Until last year, Budapest was mainly angered by Romania's attempts to assimilate culturally the Hungarian minority. It was claimed that Mr Ceaușescu had been restricting the teaching of Hungarian in Transylvanian schools, and that Hungarian-language radio stations, newspapers and theatres in Romania were being shut. Ethnic Hungarian were being discriminated against when finding jobs and applying for places in higher education, it was alleged.

Last summer, though, relations between both sides deteriorated when Mr Ceaușescu initiated his policy of "modernising" the country, knocking down large areas of Bucharest and bulldozing 8,000 villages in the Romanian countryside in order to industrialise them.

How much of Mr Ceausescu's policy has been executed this year is still unclear because of the small number of eyewitness reports that have reached the West. It is certain, however, that the razing of the villages is taking place amid chronic shortages of food and fuel for the entire population.

Budapest is particularly worried that the Hungarian minority is suffering the brunt of the destruction. Reports indicate that the tearing down of villages is indiscriminate and that the occupants of each Hungarian-ethnic village live in constant fear of being the next to fall under the bulldozer. At least 17,000 ethnic Hungarians have fled the country in the last two years, heading for Budapest.

Romania's policy has been a live issue in Hungary. On June 27, 50,000 people demonstrated outside the Romanian embassy in Budapest. Far from being cowed by the demonstrators, Mr Ceausescu ordered the closure of Hungary's consulate in Transylvania the very next day. It was on the eve of another demonstration in Budapest last week that the Romanians expelled Mr Gyorfi.

Even if the tit-for-tat expulsions have ended, both sides face another diplomatic dispute. In September, 12 refugees, who had fled from Romania to neighbouring Bulgaria, stormed the Hungarian embassy in the capital, Sofia. Once inside, they asked to be taken to Hungary, which they regard as their homeland. The Romanians demanded that the Bulgarian authorities put them on a flight back to Bucharest. The Hungarians countered by insisting that the refugees be granted the asylum they wanted.

Three months later, reports indicate that the refugees are still in the embassy. The Romanians are reported to be urging that the building be stormed, but the Bulgarians are in a stalemate, unable to act in favour of one side without damaging relations with the other.

However this dispute is settled, the basic differences between the two parties seem set to continue. The governments are as unlike each other as any two could be in eastern Europe: Romania is living under the most authoritarian regime in eastern Europe while Hungary is pushing at the boundaries of economic and political reform. They are also divided over eastern Europe's most intractable problem, that of national minorities.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E.Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: G.D. Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd. 1988.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd. Ostergade 44, Copenhagen, DENMARK

OVERSEAS NEWS

Mr Vittorio Ghidella, Fiat car division chief executive, has been succeeded by Mr Cesare Romiti

Free market, yes, says MD, but not industrial suicide

By Kevin Done, Motor Industry Correspondent

MR CESARE Romiti, Fiat group managing director, insists that Fiat is not seeking to encourage the creation of a "fortress Europe", even though his company benefits greatly in its domestic market from Italy having one of the most restrictive regimes in Europe for Japanese car imports.

The man who has come out on top in the power struggle with Mr Vittorio Ghidella, the car division's chief executive, admitted in an interview: "I have been referred to in Italy as *'Il Duro'*, the *Hard Man*. That label has stuck. I'm not a hard man in character but obviously if the occasion presents itself, I will be hard."

He warned that "American and Japanese industries should not look at 1992 as an open door through which to export all their products to the European market".

Mr Romiti heated the simmering Anglo-French trade row over open access to European markets for Nissan's British-built Bluebird cars by claiming that the European Community content of the cars was substantially lower than the levels stated jointly by the UK Government and the Japanese car maker.

(France is insisting that the Nissan Bluebird should be under its tight import quota, which restricts Japanese cars to 3 per cent of the French market for new cars, until the car has a local content of 80 per cent. The UK, which has championed the Nissan cause and is seeking a European Commission ruling to overcome the French objections, argues that the car should be regarded as British-built, with a right of free access to all EC markets, as it has exceeded 60 per cent local EC content, a level accepted in earlier disputes for a product to qualify as "European".)

Mr Romiti said: "We have bought a British-built Nissan and have dismantled it piece by piece." Nissan and the UK insist that – by their definition of local content, which is value-based – the Bluebird now has 70 per cent EC local content.

According to Fiat, which uses a cost-based formula to calculate local content, only 21 per cent of the car is definitely of EC origin and about 46 per cent of Japanese origin. It was unable to identify the origin of 33 per cent of the car.

Mr Romiti called in the interview for the EC to agree "a common local-content policy".

"We don't want the Japanese to create a bridgehead now; there must be agreement between all member states," said Mr Romiti.

It was "fine" for Japanese car makers to establish capacity in Europe, but they should be "real industrial operations, including design and engineering and not just assembly".

The Japanese had "completely *destroyed*" the European consumer electronics industry.

Fiat did not want to abandon the original "free market spirit" of the Treaty of Rome, but he warned, "it would be suicide to allow the Japanese to export all they want".

Referring to the threat posed by future exports to Europe of cars from the growing number of Japanese assembly plants in the US, he said that agreed EC local content rules should also be applied to such US-produced Japanese cars.

Mr Romiti said that any formula on local content should also seek specifically to include the supply of high-technology items, including engines and transmissions,

Fiat's primary task in preparing for the single market was to increase its presence and penetration in European markets outside Italy.

He ruled out the possibility of any merger between the leading volume car makers in Europe – six companies have shares of between 10 and 15 per cent of the European market in new cars – unless the market were to go into recession.

Fiat group comes to crossroads

A car man is replaced by a financial man, reports **Alan Friedman**

THE departure of Mr Vittorio Ghidella from the Fiat group almost certainly reflects both "policy differences" (the official company line) and the fact that he was on the losing end of a bitter power struggle with Mr Cesare Romiti, group managing director (the view of just about every insider in Italian financial, industrial and political circles).

In any case it represents a profound loss for the Turin conglomerate controlled by Mr Gianni Agnelli.

The Fiat chairman's two top managers have been battling over the future role of the car division in a group which wants to expand horizontally into finance, the media and other sectors. Mr Ghidella has also been seeking a more autonomous role in Fiat, perhaps to satisfy managerial ambitions frustrated by Mr Agnelli's recent announcement that both he and Mr Romiti will stay on until 1994.

More than anyone else at *Fiat it has been Mr Ghidella* who, as head of the car division over the past decade, has fathered best-selling models such as the Uno, charted the massive investment in new production technologies, lowered the auto division's break-even level and helped to generate brilliant profits from the division.

The importance of cars to Fiat is evident from the fact that this sector accounted for 59.4 per cent of consolidated group turnover in the first half of 1988 and should amount to a similar proportion of this year's expected L45,000bn (£19bn) of group revenues. About 48 per cent of Fiat's 270,000 employees were under Mr Ghidella's stewardship and the car division accounted for 67.3 per cent of Fiat's first-half operating profit.

The consequences of Mr Ghidella's mysterious resignation may go far beyond the group itself. The dominant role of Fiat in the Italian economy (the group accounts for nearly 5 per cent of national GDP and the Agnellis have effective control of close to a quarter of the capitalisation of the Italian stock market) means that the upheaval in Turin yesterday could also signal a debate between an industrial or financial future for Mr Agnelli's organisation. No less a figure than Mr Giuliano Amato, the Treasury Minister, said yesterday afternoon that the Ghidella affair "is not without significance for many areas of Italian industry and finance".

The official Fiat line yesterday quoted Mr Agnelli as saying there had been "a conflict

Vittorio Ghidella: father of the Uno

Cesare Romiti: horizontal expansion programme

about the role of Fiat Auto inside the group", and that Mr Ghidella "has an auto-centric vision, while I see Fiat as an industrial holding group."

For months now, however, the Italian financial world has been filled with stories of a vicious power struggle between Mr Ghidella and the tough-minded Mr Romiti. The latter, as group chief executive, has launched Fiat on a vast programme of horizontal expansion.

Fiat has issued vigorous denials of reports that the 57-year-old Mr Ghidella was being forced out, and claimed that, by reporting such news, the media were "trying to destabilise the Fiat organisation". The latest denial came just three days ago, when Mr Agnelli and Mr Romiti interrupted a visit to London to tell the Italian press such rumours were false.

The most notable aspect of the Ghidella affair is that Mr Romiti was named by Mr Agnelli as the man who would assume control of Fiat Auto when Mr Ghidella leaves. Mr Romiti, who is essentially a financial man and has spent roughly half his professional life in the munitions business, has taken Fiat into arms, textiles, insurance, banking, newspapers, publishing and more.

The Roman political world has been complaining about Mr Romiti's horizontal expansion of Fiat since mid-1987, when talk of anti-trust legislation first emerged. This legislation, still under discussion, was seen by Fiat as an attack on the company's spread of interests and Mr Romiti erupted last year at suggestions that Fiat was too powerful, by speaking of "anti-capitalist vomit" from "the Marxist left and the Catholic right". It is for rhetoric such as this that Mr Romiti is described as arrogant by many politicians across the spectrum. The managing director may be the most controversial figure on the Italian national scene. Even close aides to Mr Agnelli bemoan in private the way "Romiti overdoes it".

If the official explanation offered by Mr Ghidella, and confirmed by Mr Agnelli's words yesterday, is true, and the issue which led to the departure of Mr Ghidella was the allocation of financial resources inside the Fiat group, then there is a historical parallel.

In 1976, when Mr Carlo de Benedetti was ousted from his position as Fiat chief executive after 150 days, Mr de Benedetti claimed this had come about because Mr Agnelli opposed the idea of huge investments in new car models and wanted to diversify away from the auto sector. At the time, that proved disastrous for Fiat and it was ironic that Mr Romiti and Mr Ghidella proceeded three years later to implement Mr de Benedetti's original plan.

The tension between Mr Romiti and Mr Ghidella is likewise not new. The two clashed in 1985 when the latter fought desperately to push through a merger between Fiat Auto and Ford of Europe. Mr Romiti today denies that he blocked the Fiat-Ford merger, but so bitter was Mr Ghidella that, in October 1985, he first considered accepting an offer to run the western European operations of a big US car producer, believed to have been General Motors.

Mr Agnelli *yesterday* admitted that Mr Romiti "will not have an easy job because, even if he takes over a healthy Fiat Auto, the future will hold tough competition."

The 65-year-old Mr Romiti now has total control of the Fiat group. He is also chairman of Gemina, the investment company of which Fiat is the biggest single shareholder.

Two reactions among the many yesterday illustrate the way the outside world sees the implications of the Ghidella affair. Mr Roberto Morelli, a London-based analyst at County Securities, commented on the resignation: "It's negative news. He was the one behind Fiat Auto's success in the last 10 years." He said Mr Ghidella's departure was probably due more to "a clash of personalities" with Mr Romiti than to a disagreement over long-term Fiat strategy.

Mr Chicco Testa, an Italian Communist MP, remarked: "The only thing interesting about this affair is that the press release with which Agnelli announced Ghidella's resignation was not signed directly by Romiti, since he has become the real boss at Fiat."

Ghidella leaves as goal of overtaking VW comes in sight

By Kevin Done

MR VITTORIO GHIDELLA is leaving Fiat just as the group is poised to achieve one of its most cherished goals, the ousting of its arch-rival, Volkswagen of West Germany, from the top of the European car sales league.

The battle is on a knife edge but, at the end of October, Fiat was still leading the race with a share of 14.8 per cent, compared with VW's 14.6 per cent, and was confident it could end the German company's three-year reign as the top-selling car maker in Europe.

Much of the credit for Fiat's renaissance during the 1980s goes to Mr Ghidella, who may well be regarded by his peers as the most highly respected car industry chief in Europe.

Fiat is one of the largest and most profitable volume car makers in Europe – including the Fiat, Lancia, Alfa Romeo, Autobianchi and Ferrari marques – but is alone among the big groups in producing the vast majority of its cars in one country.

All Fiat's western European car assembly plants, where it produced almost 1.7m cars last year, are in Italy. VW, which still outproduces Fiat in Europe, has plants in Spain and Belgium, and Peugeot, which is starting to close on the market leaders from third place, makes cars in Spain, the UK and France.

Last year, for the first time, Fiat sold more than 2m cars world-wide. Its models span all the main segments of the European market, but its success under Mr Ghidella's leadership has owed most to its domination of the small car market led above all by the Uno, Europe's best-selling supermini.

The five-year-old Uno accounts for the largest share of Fiat car production, almost 40 per cent last year, with more than 680,000 units coming off the production line, and was Mr Ghidella's first big contribution to the Fiat lines.

Having secured this firm foundation, he unveiled last January his next move for taking Fiat to the top spot in the European industry – the introduction of the Fiat Tipo, the car that is supposed to do for Fiat in the small family car class what the Uno has achieved in the supermini sector.

The development of the Tipo, a medium-sized five-door hatchback, has cost $1.7bn (£930m) in the past five years. It is the first model specifically designed by Fiat for European tastes.

The new car was intended to challenge the Volkswagen Golf, the best-selling car in western Europe, as well as the Ford Escort, the market leader in the UK, General Motors' (Opel/Vauxhall's) Kadett/Astra and the Peugeot 309.

According to Mr Ghidella's ambitions, Fiat is aiming initially to capture about 10 per cent of the European small family car market (class C) with sales of about 350,000 Tipos in 1989, the first full year of production.

The Tipo is the mainstay of Fiat's hopes for raising its European market share to close to 15 per cent in 1989, from 14.3 per cent in 1987.

With the Tipo, Mr Ghidella has also created the basis for Fiat's drive into other market segments, however, as the basic Type 2 floorpan (the platform for car design) economically spawns other hatchback models in the Fiat family, while a related floorpan, called the Type 3, will be the foundation for successors to saloon versions - the Lancia Prisma, the Fiat Regata and the Alfa 75.

Some of Fiat's biggest rivals in the world car industry seek to ascribe their achievements to teamwork. At Fiat there has never been any doubt that it was Mr Ghidella who brought the golden touch.

His legacy will carry the company into the early 1990s – the key decisions have already been taken – but Mr Romiti and Mr Gianni Agnelli, chairman of Fiat, will have a big gap, not least in credibility, to fill after that.

UK NEWS

Lonrho allowed to challenge report's delay

By Raymond Hughes, Law Courts Correspondent

LONRHO has won the chance to challenge in the courts the decision of Lord Young, the Trade and Industry Secretary, to delay publication of his inspectors' report into the acquisition of House of Fraser by the Al Fayed brothers.

Two Court of Appeal judges yesterday gave Lonrho leave to seek a judicial review of Lord Young's decision to await the views of the Serious Fraud Office before deciding if and when to publish the report.

Lord Justice Parker, sitting with Lord Justice Bingham, told Lonrho's QC, Mr John Beveridge: "We take the view that as you have only got to go so far as to show that there is a possibly arguable case this is a proper case for leave."

However, he went on: "It should not be thought by anyone that the granting of leave indicates a view of this court that these are matters of any great substance. We think that they are arguable and we give leave on that basis."

The two judges' decision will have been a surprise to the Department of Trade and Industry, and to the Al Fayeds. Neither briefed barristers to appear in the Appeal Court, apparently assuming it was a foregone conclusion that Lonrho's appeal would fail.

In the High Court Mr Justice Macpherson had rejected Lonrho's plea saying that "they have shot from the hip and missed their target," and that he was "wholly convinced" that the matter should not have come to court, without calling on counsel for the DTI or the Al Fayeds to counter Lonrho's arguments.

Referring to yesterday's announcement that Lord Young had decided not to refer the acquisition to the Monopolies and Mergers Commission, Mr Beveridge said he had no doubt that Lonrho's lawyers would get instructions to seek a judicial review of that decision also.

He said Lonrho alleged there had been deception in the acquisition, that as a result Lonrho had been treated prejudicially and that, by something amounting to fraud, the Al Fayeds had been able to buy something they would otherwise have been unable to buy.

Lord Young had said he wanted to publish the report, but had been advised to await the outcome of its consideration by the Serious Fraud Office.

The SFO's interest, which was merely one matter to be considered, had been treated as an absolute bar to Lord Young doing what he wanted to do, said Mr Beveridge, arguing that Lord Young should balance the public interest in publication against the SFO's representations.

Director fined £7,000 for insider dealing

By Raymond Hughes, Law Courts Correspondent

MR John Cross, former managing director of Wordplex computer group, has been fined £7,000 after being convicted of insider dealing.

A jury at Oxford Crown Court took nearly five hours to reach a 10-2 majority verdict that Mr Cross was guilty of an offence under the 1985 Company Securities (Insider Dealing) Act.

He is the first person to be convicted under Section 1(1) of the act, which applies to directors, officers or employees of a company who deal in its shares.

The conviction will please the Department of Trade and Industry, which handles insider dealing prosecutions, but it will not affect the problem that is holding up a number of the department's other cases.

They relate to section 1(3) of the act, which deals with people unconnected with a company who have "obtained" information about it.

The Law Lords are to rule on whether obtaining necessarily involves positive action on the part of the recipient of the information.

The court at Oxford had been told that before resigning from Wordplex Mr Cross had exercised an option and bought 25,000 shares in the company at the preferential rate of 50p per share.

He sold them for 128p each just before the public announcement of a new share issue, after which the share price dropped from 132p to 108p.

Mr Cross, who denied the charge, claimed that he had not made illegal use of unpublished price-sensitive information or tried to make an unfair profit.

He said he had sold the shares only because he had been wrongly told that he must sell within 30 days or lose the option.

Judge Harrison-Hall told Mr Cross: "It is quite clear that, knowing you had price-sensitive information, you went and sold shares at a time when everybody thought the price would go down.

"The amount you have gained is probably only in the region of £2,500 to £3,000, and in fining you I take into account the fact that you have incurred heavy legal costs and that this matter has prejudiced your employment prospects."

Britain pays the price of overheating

Peter Norman on Lawson's rapid response to the huge trade deficit

THE OCTOBER trade figures have put Britain in exalted company. The country now shares the dubious distinction, with the US, of covering only 70 per cent of its mercantile goods imports by exports.

Last month's record £2.9bn visible trade deficit and the £2.4bn current account shortfall make the Treasury's 25-day- old Autumn Statement forecast of a £13bn current account deficit for this year appear hopelessly optimistic.

The news that the current account deficit in the first 10 months is now estimated at £12.4bn must also cast doubt on the Treasury's belief that the deficit could fall next year to £11bn.

Mr Nigel Lawson, the Chancellor of the Exchequer, described October's record deficit as "a slightly freak figure," but there was nothing dismissive about his reaction. Within half an hour of the figures being announced, the Bank of England, acting on Mr Lawson's orders, had taken the necessary steps to raise bank base rates by one percentage point to 13 per cent.

The news of horrendously high monthly deficits followed by a one percentage point jump in interest rates was uncannily reminiscent of events in late August when the the Department of Trade and Industry disclosed that July's current account deficit had reached the then almost unimaginable level of £2.15bn and the Bank of England pushed base rates up to 12 per cent.

The July deficit – since revised upwards to nearly £2.19bn – provided the final proof that Britain's economy had been dangerously overheating. In the past three months, Treasury officials, academic economists and City analysts have been tossed back and forth by constantly conflicting evidence in trying to assess whether the economy was slowing down or not.

Yesterday's figures suggest that some time must elapse before the overheating debate is settled.

However, Mr Lawson's swift action should dispel any lingering suspicions about policy differences between the Treasury and the Bank. Faced with evidence of excessive demand, the Chancellor did not hesitate to give the highest policy priority to controlling inflation. The contrast with events in the spring, when he drove base rates down to 7.5 per cent in an attempt to prevent sterling rising strongly against the D-Mark, is particularly illuminating. Yesterday's news shows that the Treasury and the Bank, in steering the same course, are not afraid to spread the pain to mortgage holders and industry.

There is not much good to be said about October's £2.9bn visible trade shortfall. The Treasury and DTI believe that the export figures may have been depressed by up to £300m because the Customs service compensated over-enthusiastically for the September postal strike by adding to exports in what now appear as freakishly good September trade figures.

The so called erratic items, which ran in Britain's favour in September, turned negative last month. A bulge in imports of precious stones could have added £270m to normal import totals while deliveries of foreign-made aircraft could have pushed the country a further £130m into the red.

However, after eliminating such erratics, volume exports still dropped 9 per cent compared with September's admittedly good figures. Yesterday, the DTI was unable to explain the decline in the value of British goods exports to £6.76bn last month from £7.54bn in September. The October export total was in line with the value of monthly exports between May and August, but it disappointed City analysts who recalled that the fourth quarter is normally a time when British export totals rise.

Meanwhile, imports advanced to £9.7bn last month from £8.6bn in September with the strong growth across the board. Optimistic commentators took comfort from the continued buoyancy of imports of capital goods and intermediate goods as a sign that British industry is continuing to invest and is buying materials that will eventually be re-exported as finished goods.

However, imports of consumer goods and cars also rose strongly last month. In volume terms, after adjusting the figures for erratics, imports rose nearly 7 per cent on September's levels.

The trade figures have broader implications for the economy. According to Mr Kevin Gardiner, an economist with Warburg Securities, they probably show that the economy has been growing more strongly than generally believed.

The figures add to the evidence of strong demand provided by the official October retail sales figures, which when published earlier this month were widely dismissed as telling a false story. The provisional third quarter gross domestic product figures, published earlier this week, also showed more growth in the economy than anticipated.

By contrast, the anecdotal information of slow sales in the retail sector and sluggish turnover in the housing market had been pointing to a slow down in the economy. However, Mr Gardiner recalls that such anecdotal evidence gave a similarly downbeat impression after the stock market crash. That period has since been shown to be one of strong growth.

However, the increase in interest rates means that growth forecasts for next year will probably have to be scaled down. Higher interest rates will squeeze corporate profits while the strong pound that they are intended to support will reduce the competitiveness of British industry.

Once translated into an increase in mortgage rates from their current 12.25 per cent level, the interest rate increase will also mean a more pronounced "spike" in retail price inflation early next year. City analysts generally expect that Mr Lawson's inflationary "blip" will now peak at 7.5 per cent compared with earlier expectations of 7 per cent. Some say it could reach 8 per cent.

However, such forecasts hinge crucially on there being no knock-on effects from yesterday's events into the current wage round. If higher mortgage rates trigger an increase in average earnings beyond the present 9.25 per cent annual rate, all bets will be off about whether Mr Lawson can bring inflation down to his goal of 5 per cent by the end of next year.

Yesterday, the international investors, who are required to finance the current account deficit, reacted positively to Mr Lawson's medicine. Sterling rallied on news of the interest rate increase.

However, the disparity between import and export totals points to some uncomfortable parallels between the US and UK trade performances. Admittedly Britain has a wealth of foreign assets that can act as a cushion over a prolonged period of deficit, while the US foreign debt is already an estimated $400bn (£233bn). But the US has the still huge advantage of being the West's premier economy.

Financial markets are sure to keep Britain's economic performance under close scrutiny over the next few months. Britain and the US, as transatlantic partners, are sitting in the same – inherently unstable – boat.

CURRENT ACCOUNT (£bn)

	Current Balance	Visible Trade Balance	Visible Trade Exports	Visible Trade Imports	Invisibles Balance
1985	+3.3	-2.3	77.9	80.4	+7.6
1986	-0.2	-8.7	72.7	81.4	+8.5
1987	-2.5	-10.2	79.4	89.6	+7.6
1988					
Qtr 1	-2.8	-3.9	19.0	22.9	+1.1
Qtr 2	-2.9	-4.4	20.2	24.7	+1.5
Qtr 3	-4.0	-5.6	22.1	26.6	+1.5
Aug	-1.3	-1.8	6.7	8.5	+0.5
Sept	-0.6	-1.1	7.5	8.6	+0.5
Oct	-2.4	-2.9	6.8	9.7	+0.5

Figures for Qtr 1 1986 and earlier are revised estimates
Figures may not add up due to rounding

Source: CSO and DTI

Shah in crisis talks over future of tabloid Post

By Raymond Snoddy

THE FUTURE of The Post, Mr Eddy Shah's new national newspaper, was in the balance last night as he met investors to consider whether the paper should be closed or whether there should be a national advertising campaign to promote it.

At the beginning of this week the circulation of the tabloid, aimed at the mass market, had fallen to 115,000 copies from its peak on launch day of something in the region of 500,000.

A test advertising campaign was then undertaken in the Granada and Tyne Tees television regions. Sales increases of 100 per cent, albeit it from a very low base, were recorded.

This, it is claimed, was enough to take the circulation up to 150,000. If such increases were repeated nationally, there is at least the hope that the paper could begin to approach a potential breakeven circulation of about 370,000.

The investors, Mr Shah's Messenger Group, RIT Capital Partners, an investment trust run by Jacob Rothschild Holdings, and Chelsfield, a private investment company, were last night deciding whether the improvement justified further significant expenditure.

If the decision is taken to continue to back the venture, as seemed increasingly likely, then as much as a further £4m might be needed to mount a national advertising campaign.

Mr Shah's previous national newspaper, Today, is now owned by News International.

Eurofighter accord will bring 20,000 jobs

By Michael Donne, Aerospace Correspondent

THE UK aerospace industry will benefit, to the extent of up to 20,000 jobs over the next 20 years, as a result of the four-nation agreement to build the new European Fighter Aircraft – Eurofighter, or EFA – signed earlier this week in Munich.

The £6bn deal between the UK, West Germany, Italy and Spain covers only the development phase of the new combat aircraft, involving production of eight prototypes, of which two will be two-seaters. The first will fly in 1991, in West Germany, followed by the second and aircraft in the UK.

However, over the next 20 years, about 800 of the aircraft are likely to be built, employing at the peak of production about 60,000 workers directly in the European aerospace industries and thousands more in ancillary supplier industries.

The UK and West Germany will each contribute 33 per cent of the cost of the airframe and engine development programme, with Italy contributing 21 per cent and Spain 13 per cent.

Work-sharing will be in the same proportions. This means that about 20,000 workers will benefit directly from the venture in the UK aerospace industry. Thousands more will benefit in the supplier industries, including electronics.

The cost of eventual production of the planned 800 operational aircraft will be additional to the development cost. The aircraft will be ordered in batches, at prices reflecting inflation and exchange rate values at the time the contracts are placed.

The cost of the initial development programme is being strictly controlled by the four governments to minimise risks to taxpayers. The deals now signed for airframe and engine development are "maximum price contracts," which the manufacturers must not exceed.

As more detailed aspects of the work programme are defined, those contracts will be revised to become fixed price contracts.

The airframe will be built by British Aerospace, Messerschmitt-Bolkow-Blohm, Aeritalia of Italy and CASA of Spain (through Eurofighter Jagdflugzeug of Munich), and the engine by Eurojet Turbo, including Rolls-Royce, Motoren-und Turbinen-Union (MTU), Fiat Aviazione and Sener of Spain.

Each of the partners will build parts of the airframe or engine, but there will eventually be four assembly lines, one in each country.

● British Airways has placed an order worth $250m with CFM International, the engine consortium comprising General Electric of the US and Snecma of France, for CFM-56-3 engines for the 24 firm and 11 optioned Boeing 737 twin-engined jet airliners recently ordered.

Row likely over Clowes payments

By Ian Hamilton Fazey, Northern Correspondent

A CONFLICT is threatened between investors in the collapsed Barlow Clowes fund management companies and the liquidators trying to recover their money.

It centres on continuing payments of £1,000 a week to Mr Peter Clowes, former head of Barlow Clowes, and renovations to his wife's six-bedroomed cottage. Investors telephoned their lawyers yesterday after revelations that thousands of pounds are being spent on the cottage which Mr Clowes gave his wife Pamela.

Mr John Dyer, chairman of the Barlow Clowes Investors Group, said yesterday: "We find it offensive that so many investors are in such awful straits while he and his relatives seem to be doing so well."

Mr Clowes is on £300,000 bail accused of perverting the course of justice in connection with the Barlow Clowes crash in June.

He handed over his personal assets – including a bank account containing £50,000 – to Cork Gully, the firm of accountants acting as liquidators, which allowed him to draw £1,000 a week for living expenses in return for his co-operation.

Attempts by Cork Gully to negotiate a similar arrangement with Mrs Clowes were rebuffed, even though her own assets largely came from Barlow Clowes operations. She was a partner in Barlow Clowes and a director of its UK gilts company.

Cork Gully's position throughout has been that it is more cost-effective to allow Mr Clowes an income and not to pursue his wife for her financial assets than have them unwilling to help the liquidation.

Many investors are becoming impatient about the arrangement, but Cork Gully is understood to have been resisting pressure to review it. The matter is said to be continuously "under consideration", but instances are still apparently arising where Mr Clowes's co-operation is needed to untangle a web of companies in various different legal jurisdictions.

Developer faces fraud charges

MR JOHN Anton, the London property developer whose company Transworld Leisure took over the Liverpool International Garden Festival site but collapsed within months, is to face fraud charges involving £3.75m of loans.

He will appear before Liverpool magistrates on December 7, together with Mr Murtagh Hogan, of Old Harlow, Essex, his former solicitor, who will be answering nine summonses alleging fraud.

The allegations include fraudulent trading by Transworld Leisure between March and October 1986, when it ran the festival gardens. The company collapsed, owing more than £5m to 550 creditors.

Parole proposal criticised by penal reform groups

By Alan Pike, Social Affairs Correspondent

PEOPLE serving up to four years in prison should be released after serving half their sentences, a government committee recommended yesterday.

Those imprisoned for more than four years would not be considered for parole until they had served half their terms rather than one third as at present, under the recommendations of a review committee chaired by Lord Carlisle.

The committee recommends that adults sentenced to a year or more and all young offenders should be supervised by the probation service after release.

Some detailed aspects of the committee's proposals found favour with penal reform organisations yesterday, but the main parole recommendations were criticised. At present all prisoners are eligible for parole after serving one third of their terms.

Most of those serving shorter sentences are usually released at this stage.

Mr Harry Fletcher, assistant general secretary of the National Association of Probation Officers, said the committee had settled for a "regressive compromise" which offered little hope to Britain's overcrowded and inhumane penal system.

The Parole System in England and Wales. Cmd 532. HMSO £10.30

Ridley ruling over house overturned by High Court

By John Hunt, Environment Correspondent

A HIGH Court judge yesterday overturned a planning decision which had been allowed by Mr Nicholas Ridley, the Environment Secretary, for the building of a modern house in a conservation area in North London.

Environmentalists were delighted at the news. They believe this will make it harder for developers to expand in Britain's 6,000 conservation areas.

Deputy Judge Lionel Read QC allowed an appeal by Professor Hannah Steinberg and Miss Elizabeth Sykes against proposals by Devon and Wood Property Ltd to build a two-storey house in a row of 19th century houses backing on to Leighton Rd, Kentish Town.

Acting on his inspector's recommendation, Mr Ridley had allowed an appeal by the property company against Camden Council's refusal of planning permission.

However, the judge quashed the inspector's decision and sent it back to him to be redetermined. The judge said that in approving the application, the inspector had failed to pay special attention to the "desirability of preserving or enhancing the character or appearance" of the conservation area as required by law.

Mr Martin Bradshaw, director of the Civic Trust, said he saw the judge's decision as an important ruling.

'US would not build N-plant' inquiry told

By David Green

THE INSPECTOR conducting the public inquiry into the proposed Hinkley Point C nuclear power station was told yesterday that no US utility would currently consider building a nuclear power station.

Mr Alex Henney, former board member of the London Electricity Board, asked the inspector to take into account the state of the nuclear industry in the US, when deciding whether the proposed plant would be a good investment.

Mr Michael Barnes, QC, the inspector, is examining plans by the Central Electricity Generating Board to build Britain's second pressurised water reactor (PWR) nuclear plant on the Somerset coast at an estimated cost of £1.47bn.

Mr Henney, who said he was now an electricity adviser to several large UK companies, told the inquiry there had been no orders for nuclear plant in the US for a decade. All those ordered between 1974 and 1978 had since been cancelled.

He said US utilities had learned the lesson of cost overruns and poor performance. Nuclear power had caused widespread financial difficulties and depressed share prices of utilities.

Cheers to radioactive waste

By David Fishlock, Science Editor

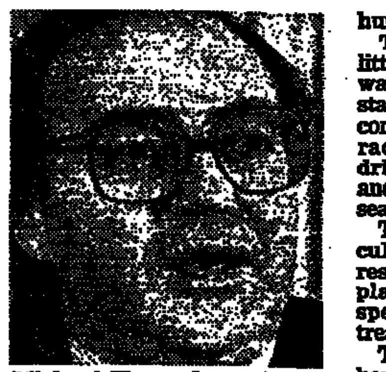
MR Michael Howard, Environment Minister responsible for Britain's water industry, and Lord Marshall, chairman of the Central Electricity Generating Board, raised commemorative mugs in a mid-morning toast to a new nuclear plant at Dungeness, Kent, yesterday.

Their glasses contained a beverage well known to pharmacists and more appropriately taken the morning after a celebration. It was rich in magnesium bicarbonate, the basis of liver salts. But it was also effluent from a £4m investment in radioactive waste disposal.

"I've tasted worse," the minister winced, hastily accepting Lord Marshall's offer of a whisky chaser. The water he drank was 4,000 times more radioactive than ordinary tapwater in Britain.

Independent analysis by the Water Research Laboratory had already assured the minister that its radioactivity would be the least of his worries – "If anything, a bit lower than the CEGB expected," the minister said breezily.

Microbes surviving in spite of the radioactivity posed a *more serious problem. The pair* had first sterilised their drink with proprietary tablets of the kind used by campers.



Michael Howard: waste water, whisky chaser

This publicity exercise was primarily staged for neighbours of the CEGB's nuclear station at Dungeness, who since 1985 have been receiving spine-chilling accounts from opponents of nuclear power of the CEGB's intentions in building the new plant.

What the CEGB wanted to do was demonstrate it could clean up a weakly radioactive sludge it was storing at Dungeness and shrink its volume. Water leaving its new *plant is only a tenth as* radioactive as the sea a few hundred yards away.

To give yesterday's toast a little more "bite," the effluent was tapped before the final stages of clean-up. The drink contained 4,000 times as much radioactivity as ordinary drinking water in Britain, and 400 times as much as the sea.

The new plant is the culmination of five years of research, demonstration and plant construction for a specific radioactive waste treatment problem.

The Magnox nuclear stations have accumulated magnesium parts peeled from their spent fuel before it is sent to Sellafield in Cumbria for reprocessing.

None of these parts has been in direct contact with nuclear fuel, but removing them at the power station eases transport problems to Sellafield.

Slightly radioactive, they have been stored at Dungeness under water, where over many years they have corroded almost into a porridge-like sludge. Dungeness has about 60 tonnes of this sludge.

CEGB scientists showed that by mixing the sludge with soda water – carbonic acid – and carefully filtering it, they could cut the volume of radioactive waste to one-fifth.

UK NEWS

Government seeks powers to seize terrorist funds

By Charles Hodgson

WIDE-RANGING powers allowing the police to investigate and seize funds destined for terrorist organisations were sought by the Government yesterday as part of its Prevention of Terrorism Bill.

The bill, replacing existing legislation which expires in March, also makes it a criminal offence to enter into an arrangement whereby money or other assets are made available for terrorist purposes or to proscribed organisations, such as the IRA; or to control terrorist funds.

Mr Douglas Hurd, the Home Secretary, who will pilot the bill through the Commons, said that the new powers were necessary to "choke off the flow of money" to terrorists. The Government has been concerned for some time at the increasing sophistication with which terrorist organisations, including the IRA and groups based in the Middle East, are using London and other international financial centres to channel funds.

The new powers build on experience from measures introduced in 1986 to aid investigation of drug trafficking and confiscation of its proceeds.

Unofficial estimates put the annual income of the Provisional IRA at between £3m and £4m although the actual amount may well be much higher. Government officials say funds are being obtained increasingly from proceeds of seemingly-legitimate front companies, as well as from

Douglas Hurd: seeking to "choke off" flow of cash

"traditional" extortion, kidnapping and robbery. An anti-racketeering unit was set up in Northern Ireland earlier this year to strengthen efforts to stem the flow of funds.

The penalty for breach of the new laws will be a maximum prison sentence of 14 years or a fine or both. The police will be able to apply to the courts for search warrants requiring specific material, such as bank records, to be produced. Financial institutions and advisers will be released from contractual obligations and confidentiality requirements to enable them to disclose to police suspicions that assets were obtained from, or were destined for, terrorists.

The bill retains the core anti-terrorist measures, including powers of detention without trial and exclusion orders, contained in the existing legislation. Unlike the present law, which has a five-year term, the bill is open-ended, but its main provisions will continue to be subject to annual review and renewal by parliament.

The new legislation reduces automatic remission for prisoners serving jail terms of five years or more in Northern Ireland from one half to one third of the sentence. It also defines more clearly the powers of the security forces in Northern Ireland to search for arms and explosives.

Mr Roy Hattersley, Labour's home affairs spokesman, welcomed the move to confiscate funds, but said that the general powers of the bill were "more likely to assist the terrorists than harm them.

"Detaining thousands of innocent Irish men and women without charge or banishing some of them to Northern Ireland is rightly regarded as offensive by law-abiding Irish citizens, their relatives and friends," he said.

Labour believes that sufficient powers are available under the 1984 Police and Criminal Evidence Act to deal with terrorist suspects. Mr Hattersley claimed that the new bill, with the broadcasting ban and the curbing of the right to silence, "inevitably encourage sympathy for the argument that, democracy and civil rights having been denied, violence is the only path left open to republicans."

Howe sets summit 'conditions'

By Tom Lynch

SIR GEOFFREY HOWE, the Foreign Secretary, yesterday appeared to improve the prospect of Britain agreeing to western participation in a proposed conference on human rights in Moscow.

With Mr Mikhail Gorbachev's visit to London less than three weeks away, Sir Geoffrey told the Commons the Soviet record on human rights had improved and "it is now possible to begin to take the proposal seriously." This contrasts with recent suggestions that the Government would first require further improvements in human rights in the Soviet Union.

Opening a debate on foreign affairs and defence, Sir Geoffrey set out three conditions; the Soviet Union must "provide clear evidence that it intends the improvement in its human rights record to be permanent," it must agree to respect human rights "as of right" and guarantee that the conference would take place in "open conditions."

Sir Geoffrey reiterated the government view that the issue of human rights must be linked with talks between Nato and the Warsaw Pact on conventional force reductions. Britain and the US have been the main objectors to the Moscow proposal.

Mr Denis Healey, the former Labour Foreign Secretary, said Mrs Thatcher had been holding up progress on conventional arms talks by making progress on human rights a precondition of such talks while refusing to attend the proposed conference. He said Sir Geoffrey was "trying to get the Prime Minister off the hook on which she has impaled herself on human rights."

Mr Healey, who is also a former Chancellor, warned MPs that failure to deal with the US budget deficit could trigger a chain of events which would turn American attention inwards for decades.

He said there was not enough recognition of the difficulty of continuing to finance a deficit of the scale that was being built up because West German and Japanese investors were going to be increasingly unwilling to go on buying US bonds which were liable to lose 20 per cent of their value. They would buy "hard assets" instead.

The possible collapse in the dollar and price of oil, with high interest rates, default and revolution in poor debtor countries "could distract American attention from the outside world for at least a generation."

Rise in engineering output continues

By Nick Garnett

THE combined engineering industries, which include electronics, continued their pattern of growth this year with a 6.5 per cent increase in output in the third quarter.

This was 12 per cent above the corresponding quarter of last year, but the growth was not uniformly spread. Compared with the third quarter of last year electrical and instrument engineering was up 15 per cent and mechanical engineering 8 per cent.

The figures, published by the Department of Trade and Industry, underline the acceleration in growth compared with a base year of 1985, arbitrarily chosen by the department.

In 1986, combined engineering output fell 1.4 per cent compared with the previous year and was just 2.3 per cent higher last year compared with 1985.

However, in comparison with 1985, the first three separate quarters of this year were up, respectively, 6.5 per cent, 9.7 per cent and 16.8 per cent.

In the third quarter of this year output from electrical and instrument engineering companies rose 7.5 per cent and 5 per cent in mechanical engineering.

Within electrical engineering, information technology and electronics was up 7 per cent compared with the previous quarter and 20 per cent compared with the same period of last year.

Output for the remainder of the electrical sector increased by 10 per cent over the previous quarter and by 11 per cent over the same quarter of last year.

For the combined engineering industries, exports were up 10 per cent and domestic sales up 3.5 per cent compared with the third quarter of last year, measured at constant 1985 prices, seasonally adjusted.

Engineering sales were estimated at £16.2bn, seasonally adjusted, 8 per cent above the previous quarter and nearly 17 per cent above the corresponding quarter of last year.

In the same period net new orders were at £16.4bn, 7 per cent higher than in the previous quarter and 14 per cent above a year ago.

Takeover chief sees merit in stake disclosure at 3%

By Clay Harris

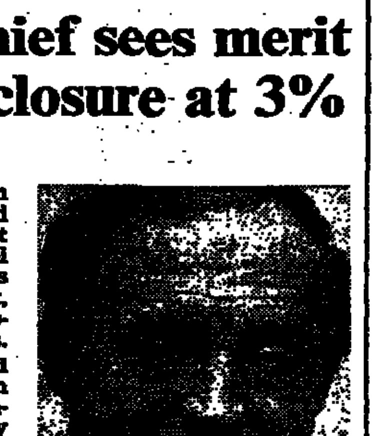
LORD ALEXANDER, chairman of the Takeover Panel, said yesterday he saw some merit in reducing the disclosure level for new stakes in companies from 5 per cent to 3 per cent, and the time limit for disclosure from five days to 24 hours.

He said the change, proposed by Sir Hector Laing, chairman of United Biscuits, at the Confederation of British Industry conference in Torquay earlier this month, would increase transparency in the market.

However, in his first response to the call by Mr John Banham, CBI director general, for restrictions on hostile takeovers, Lord Alexander rejected several proposals for change because of the "danger that they may protect defending managements more than they benefit shareholders."

The proposed restrictions included requiring a two-thirds vote at a shareholders' meeting for a takeover to proceed, giving companies the right to postpone the voting rights of shares acquired during a bid and the granting of a "golden share" to company pension funds.

Lord Alexander told a conference in Birmingham that other proposals from Torquay warranted careful examination. These included a reduction from 30 per cent to 15 per cent in the level of shareholding at which the panel required a full bid to be made.



Lord Alexander: rejected several plans for change

He said a cut of this size would be "very dramatic," but the panel ought to look at other thresholds between the two points and at its rules about the speed at which companies could buy shares in the market.

However, he saw practical difficulties in requiring an unsuccessful bidder to sell down to below the point at which a full bid had to be made.

EMPLOYMENT

Government attacks Labour over nurses pay

By Ivor Owen and Michael Smith

LABOUR MPs were accused of supporting attempts by the health unions to foment industrial action over the nurses' dispute by Mr Kenneth Clarke, the Health Secretary, in the House Commons yesterday.

Ignoring angry protests from the Labour benches he insisted that "left wing politics" were at the root of a dispute aimed at forcing a complete reinterpretation of the regrading exercise now being implemented and which would increase nurses' pay by an average of 17.9 per cent.

Mr Robin Cook, Labour's shadow health secretary, said that "Ministerial instructions" had prevented the management side discussing the issues in dispute in response to an offer by the nursing unions, Cohse and Nupe, to call off industrial action.

The Commons exchange followed the breakdown on Thursday of talks at Acas, the conciliation service, aimed at seeking an end to the dispute. It coincided with a widening of the rift between the Royal College of Nursing and the two TUC-affiliated health unions, Nupe and Cohse, over protest action against the regrading.

Mr Trevor Clay, RCN general secretary, said the ACAS talks had failed because NUPE and COHSE had lacked the "courage" to call off industrial action, in spite of realising it was a "dead end."

"ACAS provided a way back into discussions and they have chosen not to take it. They are playing poker with patients and Kenneth Clarke will call their bluff."

Mr Rodney Bickerstaffe, Nupe general secretary said that in the the 40 years of the NHS's existence, nurses had if anything played patience. The wild card in the pack was Mr Clarke; nurses would still be caring for patients long after the health Secretary had left his post.

Meanwhile there were signs of a hardening of health authorities' attitudes to the nurses' protest action. Cohse claims management in some authorities is docking the pay of nurses working to grade.

In the Commons Mr Clarke accepted that there had "obviously" been some mistakes in the implementation of the regrading and indicated that proposals for improving the appeals procedure would be discussed at a meeting with the RCN on December 5.

● The Royal College of Midwives is to seek an "urgent meeting" with Mr Kenneth Clarke the Health Secretary, over plans by twenty-six midwives at the North Middlesex Hospital to resign en-masse on Monday, in portest at the way they have been re-graded.

The RCM said its was clear Mr Clarke did not understand the position of midwives and their sense of injustice.

British Coal seeks redundancies

By Charles Leadbeater, Labour Editor

BRITISH COAL yesterday confirmed plans for a renewed spate of pit closures and job losses in the next nine months, by significantly improving the voluntary redundancy payments for older miners.

The aim is to ease the way for a further contraction in the industry.

It is thought there could be up to 20,000 redundancies among the workforce of about 114,000, which includes 87,000 underground workers.

The move follows the publication of British Coal's interim results 12 days ago.

Sir Robert Haslam the corporation's chairman said a freeze on prices, combined with higher interest charges, and higher-than-expected wage and cost inflation, had imposed heavy additional costs on the corporation. It is thought the additional costs could amount to £200m in the next full financial year.

Sir Robert: heavy additional costs

The higher redundancy payments, which will be run from December 1 to August 26 next year, will be targeted at miners over the age of 34, the average age of the workforce.

Miners with more than 15 years' experience will be eligible for an additional lump sum payment of £7,500. The corporation's current redundancy scheme does not offer lump sum payments.

Payments for each year's service between the ages of 16 and 34 will rise from between £250 a year and £700 a year, to a range from £500 to £750 a year.

In addition, miners over the age of 51 will be allowed to convert their entitlement to coal supplies at concessionary prices into a £4,000 lump sum.

This means a miner aged 51 with 25 years' service could be eligible for a pay out of about £37,000 pounds, compared with the current maximum of £29,000.

The corporation believes this round of voluntary redundancies will be more difficult to achieve than previous manpower reductions.

In October last year the corporation introduced for six months, a £5,000 additional lump sum redundancy payment to quicken the pace of job losses.

Mr Kevan Hunt, the corporation's director of industrial relations said the improved terms were a clear indication of the corporation's determination to avoid compulsory redundancies for the foreseeable future.

The closure programme could touch almost every coalfield but pits in Scotland, south Wales, and Nottinghamshire are thought to be especially vulnerable.

At the height of the closure programme in the industry in the wake of the 1984-85 miners' strike, the Government-funded Mineworkers' Pension Scheme paid out £566m in 1985-86, when 33,000 miners left the industry.

The maximum payment under that scheme was £74,000.

Channel 4 launches initiative on training

By Charles Leadbeater, Labour Editor

CHANNEL 4, the commercial television station, has brought together a group of broadcasting organisations in an effort to counter looming skill shortages in the television industry.

The initiative is aimed at improving and expanding training in the industry.

The move was disclosed yesterday by Sir Richard Attenborough, Channel 4's chairman, who warned that the industry faced mounting skill shortages, which could seriously inhibit the growth and quality of programming.

Sir Richard, speaking at the presentation of the 1988 National Training Awards, said that as a first step a study had been commissioned on the changing occupational and skill needs brought on by new technology and corporate restructuring.

Traditional methods of training technicians and other programme makers would fail to meet the demand for skills which would be created by the restructuring of the industry set in train by the Government's legislation on broadcasting, Sir Richard warned.

The Government's recent white paper on broadcasting, would require the BBC, ITV, Channel 4 and Channel Five, the proposed commercial station, to commission at least 25 per cent of their output from independent producers.

As a result, most large television companies would cut staff, and thus the number of people they train. This would reduce the flow of skilled workers entering the independent production sector. Most technicians in independent production companies gained their skills by working in the film industry, the BBC or ITV, Sir Richard said.

Mr Norman Fowler, the Employment Secretary, said the Department of Employment's Training Agency would be examining the implications of the changes for skills training in the industry.

Sir Richard was speaking as patron of the National Training Awards' 1989. Eighty companies, ranging from British Airways, with more than 50,000 employees, to the Ashley Group, a hairdressing salon with 17 employees, won awards in the competition run by the Training Agency.

Sir Austin Pearce, former chairman of British Aerospace and the 1988 patron of the scheme, said many of the 1,486 entries, a 25 per cent increase on 1987, showed that British companies were increasingly recognising the importance of investment in training.

Sir Austin said too many entries from the public sector, and companies in the media and communications industries were of low quality. He said more companies were using computers and interactive video training packages in innovative ways, especially to improve managerial and supervisory training.

Skill shortages spark campaign in engineering construction

By Michael Smith, Labour Staff

ENGINEERING construction employers and unions have adopted a wide-ranging package of measures to boost training in the industry to help reduce a shortage of skilled craftsmen.

The national joint council for the engineering construction industry has approved the package which aims to train an extra 600 to 1,000 people a year covering all disciplines.

Employers and unions will campaign to increase the sector training levy from 1.12 per cent to 1.5 per cent, a move which will require parliamentary approval, and to generate funds from other sources such as the European Community Social fund. They have also agreed to:

- Lower the minimum age of entry into the industry for trainees, other than apprentices, from 18 to to 16, subject to provision for supervised training.
- Campaign for Youth Training Scheme rules to be relaxed to permit two-year funding for 17-year-old apprentices. At present such YTS funding only applies to 16-year-olds.
- Undertake a survey of the existing labour force and future manpower requirements by trade, age and region. An up-to-date database and training register will then be maintained.
- Attempt to persuade the industry's clients to include a training element in pre-tender documents for large contracts which would include training programmes related to the size of the workforce.
- Establish a training programme to upgrade unskilled workers to semi-skilled status and seek more flexibility from workers.

The package is being promoted by the National Engineering Construction Employers' Association, which represents 300 companies, including Trafalgar House, FKI Babcock and GEC, with a combined workforce in the sector of about 27,000.

Mr John Porter, NECEA chief executive, said yesterday that the package depended on a strong central co-ordinated body for training in the sector. The industry was concerned about government plans, due to be outlined in a white paper, for a shift away from national training arrangements.

"The employers in our sector are not afraid to accept more responsibility for delivering training," he said. "I hope the Government will . . . enable us to plan and control our training nationally rather than region by region."

Training lacks work experience

By Our Labour Editor

SENIOR officials of the Department of Employment's Training Agency are concerned that a shortage of work experience training places provided by employers may lead people to drop out of the scheme.

The concern is disclosed in a questionnaire which Mr John Lambert, the agency's director of field operations, has sent out to be completed by the 170 training agents who organise work placements.

Eight of the 12 main questions focus on possible delays in arranging work placements for trainees. The programme is intended to offer an average of six months off-the-job training and work experience for 600,000 unemployed adults a year.

The questionnaire focuses on the delay potential trainees have before receiving initial counselling about the training options available, and the time it then takes for a training place to be arranged for them.

British Steel workers switch from strikers to shareholders

Jimmy Burns on the changed attitudes at S Wales' slimmed-down Llanwern steelworks

THE huge and contorted structures of Llanwern, British Steel Corporation's integrated works in South Wales, are a world removed from the pristine images displayed in the corporation's pre-flotation publicity.

With its steaming towers, black mounds, and rusty buildings, the plant sits like a grim carbuncle framed by the green of surrounding grazing land.

But as 39-year-old Stephen Edwards, a worker at the plant explained, within the plant attitudes and conditions on the shopfloor have undergone a transformation in the run-up to privatisation.

During BSC's 1980 strike Mr Edwards, a shop-steward, went without pay and helped man picket lines for 13 weeks. Today he is buying shares.

"Any worker who thinks that by buying shares he is going to have a greater share in the running of British Steel is living in cloud cuckoo land," says Mr Edwards.

He would have preferred the flotation after Christmas, as "workers would have more cash available to buy more shares." Never the less, he speaks enthusiastically about the option he has applied for as a "good bargain."

However, the opportunity to become shareholders is just one sign of how life at Llanwern has changed in recent years.

The workforce has been cut from 9,000 at the time of the strike to fewer than 4,000; the company has invested in new technology; and it has opened a continuous casting plant which streamlines the production process.

The streamlining – or slimlining as British Steel calls it – has had a profound impact on the demands put on the remaining workers.

"I'm working harder because I've had to learn more than one job. But there is more emphasis on training and on quality control. There's more urgency about the place," says Mr Edwards.

Formerly a foreman, Mr Edwards is now a "mechanical charge hand." He spends much of his time monitoring fully-automated machinery as part of the plant's "statistical process control."

The work practices he objected to during the 1980 strike have become an integral part of his working life. At Llanwern, senior management are well on their way towards creating a flexible, multi-skilled, single-status steel worker, even though the plant has a multiplicity of unions representing different workers.

The seven days on, two days off, 21-shift pattern of work has been replaced by five days on, two days off, 15-shift pattern.

Fewer shifts mean more hours worked per shift and some workers, such as 27-year-old Mr Ray Shatford, a former butcher who has trained as a coke oven operator, find the work "quite frightening."

On the whole the workforce appears to have taken a pragmatic approach to the changes. Mr Stephen Conlon, a former railway wagon shunter who is now an "assistant operator" in the continuous casting plant, says: "I don't think unions are as strong as they used to be, and it's better that way. At least we don't have a strike every five minutes."

One of the reasons that there isn't a strike every five minutes is that conditions within the plant have improved. The method of production is not the open-hearth steel making of old, but the computer-assisted, highly controlled, basic oxygen steel-making method.

Some supervision of continuous casting machines and work near the coke ovens can still involve hot and difficult tasks but the majority of jobs at Llanwern are far removed from the popular image of the steel worker engulfed in flames as he works near the blast furnace.

Eight years after a strike ostensibly over pay, Mr Edwards reckoned that in an average week his take-home pay was £170, with up to £80 being accounted for by productivity bonuses negotiated at local level.

Mr Donald Crocker, aged 54 and part of the diminishing force of manual workers at Llanwern, complained: "They might increase your basic pay but only if you agree to a reduced productivity payment."

Mr Crocker was also buying shares, however. "If there's a profit to be made on this, good luck to us. It's like backing horses."

Sir Robert Scholey, BSC's chairman, recently described his company as "well-oiled and looking pretty." In Llanwern, the sheer exterior ugliness of the plant is accompanied within by a fear shared by the workforce that a further stage of "slimline" could involve some form of link with a foreign steel company and further redundancies.

Even this fear appears to have provoked compliance rather than militancy, however. As Mr Edwards put it: "We're working as a team here, because if we don't, this business is going to go out of the window."

Feature, Page 7

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Saturday November 26 1988

Euphoria to despair

WHAT A difference half a year makes! Not so long ago the Chancellor of the Exchequer was credited with "the British miracle." Today, the Chancellor is blamed for taking risks that have led to a balance of payments crisis. The truth is less dramatic: euphoria was unjustified yesterday and despair is unjustified today.

Recall that last May, when base rate was 7.5 per cent and the effective exchange rate index was 79, the Bank of England remarked that "the combination of a stronger currency and lower interest rates does not represent an ideal response to current concerns and a different balance would be desirable if it could be achieved." Yesterday, by contrast, base rate reached 13 per cent, while the effective exchange rate was only 77.6 at the close of the day.

So the Government seems to have precisely the combination it desired. But one can have too much of a good thing, which would seem to true of the run of bad trade figures that has made the desired combination possible.

The current account deficit for October, of £2.4bn, was the largest monthly deficit ever, however distorted the figures may have been by the postal strike. In the last two quarters the current account deficits were £4.5bn and £4.4bn, respectively. Over the last six months the deficit has been running at an annual rate of just under £18bn, almost half again as much as implied by the Chancellor's forecasts in the Autumn Statement. Such a deficit would be about 3¾ per cent of gross domestic product, as large as the US current account deficit at its peak.

Growth of demand

The volume of imports (excluding the erratic items) in the latest three months was no less than 13 per cent above the level of a year ago. Meanwhile, the volume of exports of manufactures over the last three months was 7 per cent higher than in the third quarter of 1987.

Taken together with the profitability of the corporate sector, these figures suggest that it is growth of demand, rather than lack of export competitiveness, that lies behind the current account deficit. In effect, the current account deficit has prevented the UK from succumbing to runaway inflation. With luck, the deficit may continue to allow the pressure to escape, giving the time needed for the rise in interest rates to lower the pressure itself.

In hindsight it is easy to criticise the Treasury. But in a week when the National Institute Economic Review was published, it is perhaps worth recalling what it said a year ago about prospects for 1988. "Year on year we expect 4 per cent growth in 1987 to be followed by about 2½ per cent in 1988; through the year the deceleration is more marked, and 3¼ per cent this year is followed by only 1¾ per cent. We were already expecting a slowdown of this kind before the October fall in stock market prices . . ." By contrast, this week's review remarks: "The growth rate of gross domestic product may well exceed 5 per cent in 1988."

The Treasury need not apologise to any but a select handful of forecasters. Management of an economy is not like driving a car, particularly when controls on both credit and foreign exchange flows have been removed. In such a world, flows of both income and expenditure can, it is clear, move in a highly unpredictable manner.

What of the policy response? The Government is correct to focus on the danger of inflation. Accordingly, the Chancellor was right to raise interest rates and also to insist that the exchange rate cannot be allowed to depreciate. For the moment, he can remain content that higher interest rates bear down most heavily on a profligate personal sector, while the strong financial position of the corporate sector should allow continued investment. None the less, he must keep a watchful eye on pay settlements, because of the evident ability of private business to afford inflationary wage increases.

So far as the current account itself is concerned, it is necessary to distinguish the flow of borrowing, which is surely manageable, from the stock of debt. In time, even a country with the UK's external assets and sound public finances will cease to be able to borrow abroad, other than at prohibitive cost. For this reason, the Government must take the overall rate of national saving into account in forming next year's budget judgment.

Politics attracts gamblers, of whom the Chancellor has shown himself to be one. His luck has turned, which is not too surprising perhaps, since much of that "luck" consisted of the attractive symptom of the early part of a boom. None the less, it is foolish to believe that, in just half a year, he has changed from the man who broke the bank at Monte Carlo to one heading for immediate policy bankruptcy.

Quentin Peel explains the uproar over reform in the Soviet Union

Gorbachev fights the flames

It could scarcely have come at a worse moment. Just when Mr Mikhail Gorbachev desperately needed a period of reasoned debate to discuss potentially crucial changes to the Soviet constitution, he is facing a new explosion of ethnic tension in the Trans-Caucasus.

Angry demonstrators are facing troops and armoured cars on the streets of Baku and Yerevan (capitals of the neighbouring and increasingly hostile republics of Azerbaijan and Armenia). Strikes have broken out once more in protest at the imposition of a curfew and a ban on rallies.

In neighbouring Georgia, until now quiescent, tens of thousands took to the streets of Tbilisi this week to ram home their dissatisfaction with the constitutional proposals from Moscow, accusing the Soviet leadership of ignoring the demands for more devolution.

That brings an important ally to the side of the rebellious Baltic republics, where literally millions – about half the population of 7.5m – have signed petitions denouncing the planned reforms.

It seems that Mr Gorbachev has stirred up a hornets' nest of nationalist passions with his attempts to reform Soviet society. The only unreal element is that, in Moscow, only a fraction of the unrest has percolated through into the official media. The great Russian majority of Soviet citizens is being kept very largely in ignorance about the rebellion on the fringes of the empire.

So what is Mr Gorbachev trying to do and why does it seem to have backfired?

Next week's session of the Soviet Union's Supreme Soviet – the national parliament in name, but hitherto seldom more than a rubber-stamp for the decisions of the Kremlin leadership – is being presented with two major bills. One is the package of amendments to the constitution, the other a new package of election laws.

The aim of the former is to set up a new super-parliament – the Congress of People's Deputies – and a new job of executive president, tailor-made for Mr Gorbachev himself. The latter is supposed to usher in an era of democratic, contested elections, at every level of the Soviet system. The sweeping ambition of the exercise, set in train by last summer's extraordinary conference of the Communist Party, is to give real power back to the Soviets – the elected bodies in towns and cities, districts, republics and in the Union as a whole.

Mr Gorbachev seems genuinely committed to curbing the excessive and ossified power of the ruling party and the ruling bureaucracy. But, in practice, the proposals are a fudge, drafted in excessive haste, seeking to compromise between the desire for democratisation and the determination of the bureaucracy to cling to power and privilege.

The result is a constitutional reform under fire from two directions where Mr Gorbachev might have hoped for his strongest support. It is criticised by the reformers for failing to introduce enough democracy. And it is slammed by the nationalists for aggravating the centralism of Soviet society and actually increasing the power of Moscow over its provinces.

The Supreme Soviet has received more than 120,000 letters making proposals, comments and criticism. The official media insists that the comments are overwhelmingly favourable. But the pertinent comments are not. What the whole exercise does prove is that for the first time since 1918 – the date of the first Soviet constitution – a lot of Soviet citizens are taking their constitution seriously. It has been twice reformed before, but few would now argue that those exercises were anything but a sham.

"In 1936 it was a fictitious constitution," says Mr William Smirnov, vice-president of the Soviet Political Science Association. "It proclaimed human rights and declared the political foundation of power was in the hands of the people. It sounded very democratic. Given the situation in 1936 and 1937 (the height of Stalin's purges) it was not just misleading, it was cynical.

"The 1977 constitution was no real breakthrough. It did not guarantee full rights for citizens, in spite of supposed participation of citizens in the debate; 140m people were supposed to have taken part, but the amendments adopted were just cosmetic."

What is now happening is that some groups at least – both budding nationalists and constitutional lawyers – are demanding that the constitution should say what it means. The debate is also showing just how complex and divided a society the Soviet Union really is, underneath years of propaganda insisting that perfect national harmony had been achieved.

"These reforms were drafted in a great hurry and they are a compromise," Mr Smirnov says. "The good sign is that the draft represents something of the multiplicity of demands in our society.

"Most of us simply do not understand how complex a society we have. There are a host of different national traditions, a terrible diversity. But, under the influence of massive propaganda, we are persuaded it is a homogeneous society. It is not easy to adapt to reality."

Rapid drafting has resulted in sloppy wording, inconsistent and conflicting statements and ambiguity leading to easy misunderstanding. The haste was compounded by lack of legal draftsmen in a society which is only now coming to terms with the need for precise and coherent legislation.

Misunderstanding is certainly one cause of the nationalist backlash. In the Baltic republics and in Georgia, critics say they have lost the right "freely to secede" from the Soviet Union, as laid down in Article 72 of the present constitution. In fact that article remains unchanged. But it always conflicted with other provisions, which effectively gave the Union a veto over unilateral decisions by any republic. The new amendments have simply maintained that implicit contradiction.

In drafting the amendments, the Kremlin has given the "exclusive prerogative" to the new Congress of Deputies to decide such issues as the "composition" of the Soviet Union, and its internal and external borders – both questions which could cut across sovereignty claims by the republics.

The drafters have failed, so far, to find a formula which allows both Union and republics a seat at the table to negotiate such fundamental issues. They do not really make matters worse than they are in the present constitution, but they have failed to make them any better – to make the Soviet system more genuinely federal, which is what has been promised.

Mr Gorbachev and his colleagues in the Politburo have tried to persuade the Baltic republics and other nationalist dissenters that the whole question of the federal relationship is open for thorough debate – and further constitutional amendment – next year. A full-scale plenum of the Communist Party central committee has been promised. That has not been enough to damp down the demands of the demonstrators, who clearly believe their powers are already being eroded indirectly, before the relevant parts of the constitution have been tackled.

The other objectors are those who fear that the new constitutional structure is seriously flawed and will not allow the degree of democracy Mr Gorbachev apparently intends. They include jurists who do not criticise the structure, but believe the draft is full of loopholes and inconsistencies.

An important objection concerns the role of the Congress as a directly elected body, which then has the job of choosing a Supreme Soviet from its own ranks. Thus the Supreme Soviet, which is supposed to be a genuine standing parliament, meeting for three or four months at a time, will not be directly elected.

"Instead of simplifying the state apparatus, and in particular reducing the number of deputies of the USSR Supreme Soviet, it is proposed to create an even larger and heavier political system," says the Georgian academic, Professor Leonid Dzhakhaya. "This innovation contradicts the constitution, which says elections must be direct."

His criticism appears to have a lot of popular support. A poll carried out by the newspaper Komsomolskaya Pravda showed that 86 per cent thought the Supreme Soviet should be directly elected. The readers also believed overwhelmingly that the new state president should be directly elected: almost 96 per cent said so. Under the constitutional reforms, he will be chosen by the Congress of Deputies.

The reforms actually say that suffrage will be "universal, direct and equal." Yet in the very next sentence, it says that one third of the seats in the Congress – a body which it is planned to duplicate in each republic as well – will be reserved for "social organisations" like the Communist Party, trade unions, the Komsomol (Communist Youth League), cultural organisations and the like.

Defenders of the provision say it will ensure a much wider representation than simple direct elections: any "all-union" organisation can bid for some of the 750 seats in the Congress set aside for groups (one third of the 2,250 total) – including, for example, religious organisations. On the other hand, they will clearly not be elected by "direct suffrage." And the existence of such seats will give some electors – members for example of both Komsomol and the Communist Party – two or even three votes.

Such fears have been spelt out in a stream of letters to the Soviet press, although the pace of questioning has really only picked up in the past week. Ordinary Soviet citizens will have had only five weeks to consider the draft changes between publication and final approval due next week.

The question now is whether – only three days before the Supreme Soviet is supposed to approve the changes – Mr Gorbachev and his Politburo are prepared to amend their plans to meet the criticism. It appears they will go some of the way. Thursday's meeting of the Politburo promised "substantially to improve" the bills and a constitutional commission has proposed 40 amendments. Only three have so far been published and they go only a small way to meeting objections.

Those changes will go to a central committee plenum on Monday. That debate is behind closed doors. Tuesday's Supreme Soviet is in public, but it may be presented with a *fait accompli*. Whatever happens, a number of Baltic deputies, and possibly Georgian and Armenian members too, have been mandated to demand changes. Although they represent a small minority of the chamber, they may be too big a minority to be ignored.

But many jurists argue that the important factor is the direction of the change, not its precise detail. Democratisation of Soviet society is moving so fast that loopholes in the constitution may not matter, Mr Smirnov believes.

What Mr Gorbachev appears to have done wrong – and what has aroused the nationalist backlash – is try to rush through the constitutional changes. As Dr Andrei Sakharov, the most prominent Soviet dissident, says, he is trying to introduce democracy in an undemocratic way.

Just by encouraging a far more open debate, he has lifted the lid from a host of long-suppressed nationalist demands. Some are directed at gaining more sovereignty from Moscow – in Georgia, Armenia and the Baltics. Some are conflicts between ancient antagonists – in Armenia and Azerbaijan.

The pressures are in opposite directions: while Moscow may be prepared to give more autonomy to the Baltic republics, riots in Yerevan and Baku are only kept under control by the intervention of security forces controlled by the central government.

Mr Gorbachev needs a new constitution which can accommodate a degree of national autonomy, while keeping it within the confines of the Union and of national security. There is continual danger of a Russian backlash against the rising nationalist demands from the periphery, if they become too strident. That backlash could damage the Soviet leader's own position.

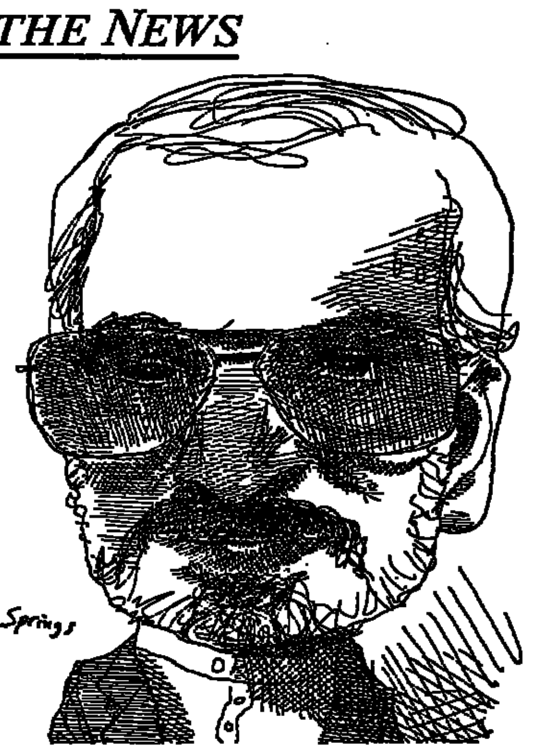
The constitutional changes so far proposed are a partial, and rather clumsy answer. But, as Mr Gorbachev insists, they are only the first step in a long and radical process.

MAN IN THE NEWS

Gholamreza Aghazadeh

The quiet Iranian who stole the Opec show

By Steven Butler



A script for this week's Opec meeting in Vienna, favoured by some Gulf members of the oil-exporting group, had the title "Iran caves in to power play by the Gulf Arab states."

But one member of the cast stubbornly refused to play his role. Gholamreza Aghazadeh, the Iranian Oil Minister, cleverly reworked the dialogue and retitled it: "How to dominate negotiations when you have nothing to bargain with."

Mr Aghazadeh did not emerge a triumphant victor. He is home in Tehran this weekend to see whether there is any government support for a concession he had personally rejected. After 10 days of saying again and again that he would "never" agree to give Iraq a production quota equal to that of Iran, he made a dramatic appearance in the lobby of Vienna's Marriott Hotel late on Thursday evening and said, well, maybe he would agree, provided he got the backing of the Tehran Government.

But in the meantime, Mr Aghazadeh had managed to wheedle from the Organization of Petroleum Exporting Countries' (Opec) 12 other members nearly everything on the Iranian agenda, from a high quota for Iran to a low total production ceiling at 18.5m barrels a day that promises to lift oil prices sharply, if not all the way to $18 (£9.83).

Sheikh Ali Khalifa al-Sabah, the Kuwaiti Oil Minister who is believed to have masterminded the Gulf Arab strategy, has clearly met his match.

Mr Aghazadeh is a quiet man with a gentle, mocking sense of humour. At 39, his hair and full beard have turned white, giving him the appearance of a much older man, as well as some of the authority that age imparts. His foremost weapon in negotiations is an unmistakable sense of moral rectitude. As he sits calmly in a chair, wearing a sombre suit with an open-necked shirt, softly fingering a string of Islamic prayer beads, who would dare to question his resolve to see oil prices plunge to $5 a barrel rather than accede to Iraqi demands for quota parity?

The Iraqi demand for parity was "illogical" he told other Opec members. Why should an Opec member be given a bigger quota just because it claims to have won a war and because it has increased its production capacity? Why should the Iraqi claim to produce more have greater validity than the claims of Venezuela, Gabon, Ecuador, or the United Arab Emirates? And, argued Mr Aghazadeh, why on earth, with all its differences in production capacity, reserves, historical output and population, should numerical parity with Iran become the proper production quota for Iraq?

The Iraqi counter to this argument was that its reserves had increased dramatically and that it needed revenue for rebuilding after the war. But the claims of the UAE, Gabon and Ecuador are also based on increased reserve positions, and if need were to be a primary determinant of Opec quotas, then the cases of countries experiencing economic hardship, like Algeria, Nigeria, Venezuela and Indonesia, should have equal weight. It was hard to avoid concluding that the Iraqi demand was based on Gulf power, highlighting with uncomfortable clarity that Opec is far from a fraternity of equals working toward common goals.

Mr Aghazadeh's argument was logical and that is what gave it the moral force to sway many delegates' minds. Why should seven non-Gulf Opec members be forced to foot the bill for political difficulties in the Middle East?

But moral force had its limits, and Kuwait and Saudi Arabia lined up solidly behind Iraq, threatening to flood the world with oil if Iran did not eat humble pie and accept the political defeat of quota parity.

The Iranian Oil Minister decided the time was ripe to change the terms of debate before the Gulf Arabs toughened their stance. After six days of deadlocked negotiations, he suddenly said Iran's main concern was to preserve its share of Opec production.

Although he would not concede so much at the time, this is what underpins the current proposal: Iraq will get what it wants, but Iran will not pay for it. Other Opec members will have to sacrifice their own production. "I would really like to see which countries are prepared to do that," said Mr Aghazadeh with a chuckle. He knew very well this would set all the Opec members at loggerheads, and the deal was not sewn up even as Mr Aghazadeh prepared to board an aircraft home.

At home he will find the political climate rather different from that in Vienna. Mr Aghazadeh is a computer scientist who rose to political prominence in 1979 during Iran's Islamic revolution, when he was appointed Editor-in-Chief of the Islamic Republic Newspaper and became a founding member of Islamic Republican Party. He joined the Government in 1981 as deputy to the Foreign Minister and deputy to the Prime Minister, picking up the portfolio of Petroleum Minister in 1986.

As the tide of Iranian politics has shifted, with the rise of the pragmatic political leader Ali Akbar Hashemi-Rafsanjani, Mr Aghazadeh now finds himself out of the mainstream and associated with a hardline faction.

Some Arab ministers believe that he will not again return to Vienna as Oil Minister of Iran, because he has left the Tehran Government a difficult political choice. Mr Aghazadeh has only been able to return to Tehran with a deal that contravenes what has been a cardinal principle of Iranian oil politics for more than two years, that Iraq should never be granted quota parity – if not in war, certainly not in peace.

Given the political contortions Iran's leaders have conducted before, the deal could be sold to the Iranian public as a political victory. But it could also provide the ammunition with which to shoot down Mr Aghazadeh. Some say his decision to return home was an admission that he did not want to take responsibility on his own shoulders. However, it remains to be seen whether Mr Aghazadeh has been playing a doubly subtle game. In the tangled world of Opec politics it is more than possible that King Fahd of Saudi Arabia has been in touch behind the scenes with the leadership in Tehran and that Mr Aghazadeh has been playing a highly successful game as the Iranian front man. Whichever way it turns out, it promises to be an interesting few days in the Iranian capital.

Richard Lambert looks back to 1953 and the earlier privatisation of the British steel industry

If at first you don't succeed . . .

Steel privatisation in November at 125p per share. Issue heavily oversubscribed: short-term gains for stags. Subsequent price weakness means that by February the issue is branded a failure. Long-term returns for investors: dismal.

The shape of things to come? No, this is what happened 35 years ago this month when Sir Winston Churchill's Conservative government started the process of denationalising the steel industry the first time round, with an offer for sale of United Steel at 25 shillings a share.

It is a depressing story, but not one that should cause too much worry to those who are planning to subscribe to the current British Steel share offer. Admittedly, there are parallels. The City was as preoccupied as ever with short-term concerns, and the Government was also heavily influenced by day-to-day political developments.

But the contrasts between then and now are far more striking than the similarities. As a forthcoming book, The First Privatisation*, makes clear in fascinating detail, the Government's approach was a world away from the free market philosophy of today. Lord Salisbury, that grandee of the Conservative party, almost resigned from the cabinet on the grounds that the sweeping controls which were to be retained over the industry after the sell-off were not extensive enough.

The City, too, was a very different place. Its financial institutions were puny in size compared with today's mammoths, and its communications systems were primitive. All the same, it managed to get the United Steel issue away on considerably less generous terms than have been thought necessary for the British Steel issue today.

Steel nationalisation had been approved by parliament at the end of 1949, but it was only after Labour returned to power with a small majority in February 1950 that the wheels were put into motion. Still, it was only a half-hearted affair. The companies kept their identity and management unchanged under state ownership, and well before the Conservatives were returned to power at the end of 1951 plans had been laid to "unscramble" the industry. The unions were quite relaxed about the idea: indeed, the strongest opposition seemed likely to come from the civil servants and the Bank of England, which felt that the industry could not be trusted to act in the public interest.

Nor was there much enthusiasm among the City institutions. There were three reasons for concern. First, Labour had already made it clear that steel would be renationalised at the first opportunity, and there had been threats that there would be no compensation at all. Next, insurance companies like the Prudential had only narrowly escaped nationalisation themselves. As one distinguished City gent observed, such institutions "might be chary of antagonising the Socialists by collaborating in the denationalisation of Steel."

Finally, the steel companies represented an enormous mouthful for the financial markets. Their total value was estimated at around £300m, or a little over £3bn in today's money. This was at a time when the insurance companies' overall equity holdings were only reckoned to be about £320m while the pension funds were still a modest force, with perhaps £75m of equities between them.

So Sid's grandfather was going to have to be persuaded to take up some of the shares: to catch his attention, the prospectus for United Steel was run in 38 newspapers and four periodicals. But even with the support of the private investor, it was clear that steel could not be privatised in one go.

By the autumn of 1953, a consortium of merchant banks had been assembled to underwrite the first issue – all of which, with the exception of Lazard Brothers, are in one form or another also involved in underwriting today's issue. The Treasury had last minute doubts that the price may have been pitched too low, laying it open to political attacks. But the bankers said that, if anything, the reverse might be the case: the price had to reflect the real risk of renationalisation on unknown terms.

In the end, the issue was priced on a dividend yield of 7.2 per cent, which compared with a yield of 5.6 per cent on the FT Ordinary Share Index. Today's issue offers a yield of 8 per cent, at a time when the FT Ordinary yields just 4.8 per cent.

Still, that seemed quite enough for most observers. The FT's Lex column wrote: "On whether the margin is adequate views will differ. In new ground such as this, where ordinary criteria for issue terms are insufficient, decisions must be individual, based largely on estimates of the political threat, but my own feeling is that it has been discounted adequately."

Indeed it had. The issue was subscribed almost threefold, and at the end of the first day's dealings the shares closed at a premium of between 3 and 4½ old pence.

The success was short lived. The premium had all but disappeared within a week, and by the early months of 1954 the shares were trading well below 25 shillings. Upturns in the stock market and the industry cycle made further steel company sales possible over the next decade, but the period as a whole was one of disappointment.

It did not have to happen that way. In 1953, the industry was in reasonable shape by any standards except those of the US. It was emerging from a period of raw material scarcity; output was rising, and the scene was set for a *period of steady and sizeable expansion***. Yet within a few years, the picture was to look very different. By 1958, output per man-year in the German industry represented 115 per cent of the 1954 figure: in France it was up to 135 per cent. In the UK, the figure was unchanged. By European standards, the industry was looking fragmented, out of date, and inefficient. The trouble was that although ownership had been passed into private hands, powers to set maximum prices and to veto capital spending plans had been retained by a central body, the Iron and Steel Board.

The Government itself continued to intervene in the industry's affairs, the most flagrant example being the enormously costly decision in the late 1950s to build not one but two strip mills.

Steel had become a political football, occupying a special place in party politics as a symbol of what divided the two main parties. By the time it was renationalised in 1967, investors were throughly disillusioned, and the idea that they might one day be queuing up for another go would have seemed laughable. It has taken a whole generation, and a decade of Mrs Thatcher, to shake off the memory.

**The First Privatisation, by Kathleen Burk. The Historians' Press, 9 Daisy Road, London E18 1EA. hardback £14.95, paperback £4.95.*

***The Steel Industry 1939-1959, by Duncan Burn. Cambridge University Press 1961.*

Lisa Wood examines the repercussions of the battle to take over Irish Distillers

Recovering from a drop of the hard stuff

Six months ago three of Britain's most powerful drinks groups launched a consortium bid for a sleepy Irish whiskey company – little thinking that the battle would last until the end of November and end in victory for a French interloper.

If Irish Distillers's defence had been of the same calibre as its management's track record in expanding sales of Irish whiskey brands, the bid by Allied-Lyons, Guinness and Grand Metropolitan might have been a walkover.

In adversity, however, Mr Richard Burrows, Irish Distillers' personable chief executive, headed a cleverly conceived and skilfully executed defence.

This ultimately saved his group from what he perceived as the unwelcome arms of Grand Metropolitan, the largest drinks group in the world, and placed it in the hands of Pernod Ricard, the French drinks business. Pernod has promised to maintain employment within the group as well as keeping its large portfolio of brands intact. GrandMet – the only member of the original consortium left by the end of the battle – had, by contrast, promised to sell off some of the brands and inject competition into the Irish whiskey market.

Pernod must now set about proving that Mr Burrows, backed by the Irish Government, made the right decision for the future health of the Irish whiskey industry, over which Irish Distillers has a complete monopoly.

But whatever the future of the industry, the struggle itself has been extraordinary, both for the tenacity with which it was fought and the important issues of takeover conduct which it threw up.

First, and perhaps most important of all, the bid demonstrated a new aggression from the European Commission in takeover bids.

The Commission, invited into the fray by Irish Distillers, declared that the original consortium bid was illegal on competition grounds – the first time it had intervened in a bid while it was still running.

The circumstances allowing it to come in were freakish, but its relish in doing so underlines that it intends to have a much bigger role in EC bids in future, which is also demonstrated by its current attempts to cajole members into agreeing community-wide merger control regulations.

The battle for Irish Distillers also had a major impact on the Takeover Panel, the City watchdog on bids, not least because for the first time in a major bid it was having to tailor its regulations to accommodate the Commission's ruling.

This led it to the unusual decision – at least, according to its rule-book – to allow GrandMet to proceed immediately on its own with a bid for Irish Distillers.

Some commentators saw the Commission's intervention as a threat to the Takeover Panel, but it insists this is not so. It acknowledges that it may have to look again at its timetable for bids, and whether they should automatically lapse when there is an EC investigation. But it argues that its function is to police the conduct of bids, which is entirely different from the EC's competition role.

What might, however, have been a serious threat to the Panel was GrandMet's move for a judicial review of a Panel decision which seemed to hand Pernod victory. It was the first time an attempt had been made to involve the court before a bid was clinched.

For many years, critics of the Panel argued that its system of City self-regulation was bound to be replaced by a legally-backed framework, as in the US. But two years ago, in a landmark judgement, Lord Donaldson, Master of the Rolls, put the Panel both inside the framework of the law, while retaining the ability to operate flexibly.

The Panel's rulings, he said, could be subject to judicial review, but only historically. GrandMet, in seeking a review during a bid, had challenged this ruling. But this week a high court judge reiterated Lord Donaldson's judgement.

An ebullient Mr Anthony Beevor, director general of the Panel, says: "A judicial review is now demonstrated as not being a way of appealing against a Panel decision during a bid. The Panel's decisions have to be taken quickly and the market has to rely on them."

But while the Panel's role in the City of London has been reinforced, the bid has provoked much antagonism towards it in Ireland where, at the request of the Irish authorities, its writ also runs.

"The London Takeover Panel" derisively tripped off the tongues of Irish Distillers' public relations team during the bid. It was a skilful exploitation of Irish nationalistic feeling, particularly when a couple of decisions made by the Panel went against Irish Distillers' perceived interests.

But there were genuine grievances concealed in this emotional war of words. Irish Distillers felt aggrieved that, while in the UK a referral to the Monopolies and Mergers Commission automatically caused a bid to lapse, the Panel ruled that this should not be the case when the Irish Government referred the consortium bid to its Fair Trading Commission.

Mr Richard Hooper, of the Investment Bank of Ireland, which advised Irish Distillers, says: "While the referrals are not directly analogous this point was a cause of friction with the Panel and now must be an important area for debate." According to other members of the Irish business community this will form part of the much wider debate as to whether Ireland should have its own Takeover Panel.

It is a step considered to be unlikely because of the logistics of setting up a full time executive in a market where there are comparatively few contested deals.

The battle also threw up some major disputes over the proper conduct of companies and their financial advisers in getting support from shareholders.

The Takeover Panel found that Pernod had breached the takeover code in the manner in which it gained irrevocable acceptances for its bid over a weekend from a large number of Irish shareholders. But the Panel ruled that the breaches were not "sufficiently serious" to ask Pernod to release the shareholders from their commitment.

If the Panel were to blow its own trumpet, it would argue that this ruling both undermined its Irish nationalist critics and demonstrated afresh the basic fairness of its flexible system.

Certainly, two years after the Guiness affair dealt a serious blow to the Panel's credibility, another battle in the drinks sector suggests there is a lot of life still left in this this particular self-regulatory body.

Richard Burrows: Irish Distillers' chief

LETTERS

Attitudes to house prices

From Mr Lionel Bloch.

Sir, The private property market seems to be in the doldrums – for seasonal and for psychological reasons. Many vendors have not come to terms with the fact that, since last August, mortgage interests have increased by about 33 per cent; inevitably, this has depressed the house market.

There is no certainty that prices will resume their upward trend this spring. Should the Chancellor be compelled once again to increase interest rates, we may well see a significant drop in property prices next year.

But vendors prepared to make downward adjustment to valuations based on the peak figures of last summer should have no difficulties. The average national price level figures released by building societies and estate agents do not always coincide with my experience, limited as it is to the south east of England. Over the last two months, vendors who reduced their asking price by between 7 and 12 per cent had no difficulty in selling.

Most still received a huge tax-free profit – and were also able to drive a good bargain when acquiring alternative homes. In fact, the hibernating habits of the UK house-hunter make this the ideal buying season.

Lionel Bloch,
9 Wimpole Street, W1

Privacy needs support, too

From Mr John Healey.

Sir, Your report on the compulsory membership scheme for football supporters (November 10) was deeply disturbing. It is not the coded identity cards which give most cause for alarm, but the uncoded comments of the Sports Minister, Colin Moynihan.

He expects clubs to peddle the personal details of those who register as members, to cover the costs of the scheme. These "very significant commercial opportunities available to clubs and the membership authority from the sale of membership lists for direct mailing" are a travesty of personal privacy.

The assumption is that one's personal details become the property of the holder, to do with as he will. When I sign for the Arsenal, in 1990, I do not want to sign simultaneously for junk mail firms, market research companies and assorted commercial pushers.

John Healey,
212 Dalston Lane, E8

Students work a way . . .

From Mr Daniel Klinger.

Sir, Students would not need top-up loans if taking a year "out" between school and higher education became the norm. The question is: can the universities be persuaded to accept such a development?

I have spent my year "out" working, training, maturing and saving more than the proposed £400 per year loan. I also intend to work during some of my vacations, for additional self-sufficiency.

I would urge the Government and the National Union of Students to support a year "out" as the norm. It would also help if the threshold for taxable income for *bona fide* students were raised by £1,000, or for the Inland Revenue to regard the income as having been earned over a three-year period instead of one year.

There are plenty of jobs for students willing to work, both in this country and abroad. Student organisations could usefully spend some time preparing a register of jobs and paid training opportunities.

Daniel Klinger,
Glen Eyre Hall,
University of Southampton

From Mr Ronald E. Parsons.

Sir, I note Mr Nicholas Barr's article on student loans (November 16), and having read much on this during the past month, I thought you might be interested in my account of the ease with which a buyer of higher education in the United States uses loans and chooses institutions.

As recently as 1978 – I was then 48 years old – I was a carpenter. I had been gathering university credits for years from various sources; in 1978 I completed the requirement for a degree in business management; my BA came via evening college. I paid for the education from my earnings as a carpenter (the cost was minimal).

Next, I applied to a local law school for its three-year course of study. I was admitted. I closed my small carpentry business, and my wife and I sold our house to finance my graduate education, also taking out loans for the purpose.

In 1981 I obtained my *Juris Doctoris* degree. (Here I will add that my wife and I are the parents of five children, two of whom were still at home.)

In 1983 I opened my own chambers: two small rooms, equipped using more borrowed money. Now, as I write, I have recently leased more office space – for the third time since 1983. I have the entire side of one floor of the building I occupy; one of my six rooms contains my personal law library. My annual rent in these chambers is more than my former annual earnings as a carpenter. My educational loans are nearly paid off and my wife and I again own a house.

We visit the UK every few years. I attend law lectures at Oxford while in England. In 1980 I even managed to pick up a half-semester of my law coursework in a programme held at the London School of Economics.

Here in the US it is easy to borrow money for higher education. The borrower becomes the sought-after entity. Universities here want students – and they must offer what the students want in order to get them.

I find it a delight to pay back the borrowed money which allowed me to raise my personal status and income. My decision to borrow money and enter university was the second best decision I ever made. (The best decision was to marry the woman who stuck with me through all this – we married in 1955.)

England is a pleasant, beautiful place. It is my intention to buy an estate in that country within the next decade, and live out my last days there. Not too bad an ambition for one who was a carpenter 10 years ago, don't you think?

Ronald Parsons,
23 North Core Avenue,
Suite 008,
Webster Groves,
Missouri 63119, USA

Raggle-taggle wages and conditions in parts of the British rag trade

From Mr Alec Smith.

Sir, Alice Rawsthorn's article (November 19) focusing on the abysmal employment conditions in parts of the UK clothing industry is very welcome.

The National Union of Tailors and Garment Workers has long campaigned on behalf of grossly exploited clothing workers, of whom a large proportion are homeworkers.

Unfortunately the homeworkers' holiday allowances were a casualty of the Wages Act 1986, which also made more difficult the enforcement of the minimum wage to which most clothing homeworkers are still entitled, by removing all protection from those up to the age of 21.

The minimum rate payable to homeworkers includes any necessary expenditure (such as electricity and other costs of using sewing machines) which homeworkers incur as a result of their employment. Also, employers have a statutory duty to send homeworkers copies of wages council orders, so that they know that they have a right to a minimum wage.

The union, through negotiation with the British Clothing Industry Association (BCIA), has ensured that the homeworkers' holiday allowance continues on a voluntary basis. Unfortunately, the homeworkers are not employed by members of the BCIA, and so do not benefit.

Regrettably, the Government has chosen to turn a blind eye to the employment conditions highlighted in Alice Rawsthorn's article.

Information obtained for the union by Clare Short MP shows that, in 1984, 120 of the 244 clothing homeworkers visited by the wages inspectorate were found to be underpaid. In 1987 only 12 cases of illegal underpayment of homeworkers were detected. The Government no longer reveals how many clothing homeworkers the much-reduced wages inspectorate visits, but the number of homeworkers whose place rates were checked by examining employers' records fell from 1,440 in 1984 to 464 in 1987.

The Government's attitude is demonstrated by a response received from Mr Patrick Nicholls, the Employment Minister with policy responsibility for homeworkers. He writes:

"I am not convinced that the scale of abuse which currently exists is such as to justify the allocation of greater resources, or the reduction of the inspectorate's work to give more attention to homeworkers".

Mr Nicholls did say, however, that action by the Government was a matter for consideration. I am hopeful that with continued publicity and mounting parliamentary pressure the Government can be persuaded to take action.

Alec Smith,
National Union of Tailors and Garment Workers,
16 Charles Square, N1

From Mr Charles Seaford.

Sir, One point Alice Rawsthorn missed in her incisive analysis of the rag trade (November 19) was the Government's crucial role in setting very low wage norms in this sector.

Under the new Employment Training Scheme an employer has to contribute only £10 per week for a young worker previously unemployed for 6 months, who, with £25 a week benefit entitlement, therefore receives £35 a week. It is "hoped" that after three to nine months the employer will offer the young worker a job, but he/she is under no obligation to do so.

Because this scheme is for those in the 18-24 age group, the quality of labour can be quite high, as post A-level and qualified college students enter one of the most fragmented parts of the labour market. The small scale of the clothing industry means also that the training element can easily go by the board.

Because the subsidy is given only for low paid, short term contracts, there is a financial incentive both to keep down wages and to sack the workers.

Charles Seaford,
14 Stratford Villas, NW1.

Peel makes £269m cash offer for London Shop

By Vanessa Houlder

PEEL HOLDINGS yesterday launched a 300p a share cash bid for London Shop, a fellow property company. The offer, worth a total of £269m, will be partially financed by a £121.2m rights issue.

London Shop swiftly rejected the offer as "unwelcome and unacceptable" and advised shareholders to take no action. Mr John Bushell, chairman and chief executive, said that the offer did not reflect the value of the company and, as a result, he had commissioned an up-to-date valuation of the properties.

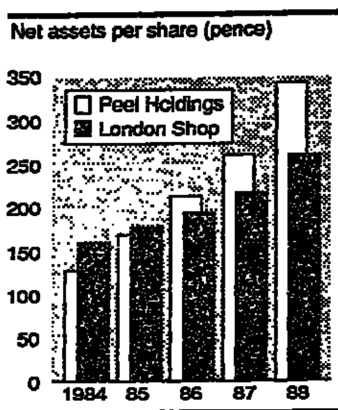
Mr John Whittaker, Peel chairman, said Peel would be able to accelerate the development of London Shop's property portfolio, the management of which had been "mediocre and lack lustre".

He added that the acquisition would improve Peel's geographical spread and balance its expanding trading and development activities.

Peel, a specialist in out-of-town retail superstores, has a property portfolio skewed towards the north west and south west. Half of London Shop's portfolio, which is biased towards secondary retail sites, is in the south east.

Peel also said that it intended to retain and expand Trend, housebuilder, which London Shop is selling.

Following the announcement, London Shop's share price fell from 304p to 301p in a weak market, reflecting the takeover speculation that has surrounded the share since Peel acquired a 21.2 per cent stake from the British Steel Pension Fund earlier this month.



The strength of the speculation was underlined on Tuesday. Peel failed in an attempt to bring its holding up to 29.9 per cent by paying 300p per share in the market.

Peel's offer represents a premium of 12 per cent over London Shop's net asset value of 267.7p per share on April 30, although the contingent capital gains liability could exceed 24.8p. It is also 23.5 per cent higher than the share price of 243p on October 6 before takeover speculation was fuelled by reports that British Steel Pension Fund's stake was for sale.

Peel's share price fell from 323p to 305p following the announcement.

The 4-for-5 rights issue at 300p per share has been priced on a fine discount to minimise asset dilution, said Peel. Mr Whittaker, who accounts for 45 per cent of the shares, is taking up his rights at a cost of £55m as have shareholders accounting for a further 1.7 per cent.

Mr Whittaker, said that, if the bid failed, the rights issue, would be used in part to complete its existing £100m development programme. If the bid succeeds, it intends to sell properties worth £100m over the next six months from its own and London Shop's portfolio. This would help finance its investment portfolio and reduce gearing, which before the acquisition stood at 90 per cent.

London Shop is advised by Schroders; Peel Holdings by Warburgs. Peel also announced its interim results yesterday for the half year to September 30. These showed that pre-tax profits nearly doubled to £9.3m (£4.7m) on turnover that increased from £7.8m to £14.2m.

Earnings per share increased by 72 per cent to 13.88p. An interim dividend of 3p (1.75) per share was declared.

Bid for Pittard referred to MMC

By Nikki Tait

THE Monopolies and Mergers Commission has been asked to look at the hostile £41m bid by Strong & Fisher for Pittard Garnar - Britain's two quoted leather companies and by far the largest remaining players in the sadly-shrunken industry.

This is the second time in recent years that the MMC has been called to review a proposed link-up in the leather sector. The last occasion was in 1986, when Strong made a £20m bid for the former Garnar Booth. In this instance, Strong withdrew before the inquiry was complete.

Since then, Garnar has been acquired by Pittard, another quoted group, after a fierce bid battle with the much larger Hillsdown Holdings. Strong has also made some sizeable purchases.

Yesterday, the Department of Trade and Industry said that the referral had been made because of "possible effects on competition in a number of stages in the production of clothing leather from sheepskins which deserve investigation."

This is the first MMC reference to be announced since that of the Elders IXL bid for Scottish & Newcastle, where the bidder promptly swept into the stock market and added substantially to its share stake in S&N.

This time, the DTI guarded against any possible recurrence by making a simultaneous order under the Fair Trading Act, barring Strong & Fisher from acquiring 15 per cent or more of the voting shares in Pittard Garnar and from exercising 15 per cent or more of the voting rights.

Elaborating on reasons for the referral, the authorities suggested that the two groups combined would have fairly sizeable market shares at various stages of the leather industry process. In terms of hide and skin markets, the figure is put at around 30-40 per cent; in fellmongery (where wool is removed from sheepskins) some 35-40 per cent; and at the tannery stage, between 40 and 55 per cent.

The two companies are both "vertically integrated" and the link-up, therefore, is seen to raise monopsonistic as well as monopolistic questions - that is purchasing control as well as supply control issues. For example, it has been argued that the combined group would purchase a substantial amount of lamb and sheepskins produced by British abbattoirs.

News of the referral was greeted by a brief statement from Strong, which said that the company intended to co-operate fully with the inquiry - which is required to report within three months. Its bid, meanwhile, lapses.

Pittard, by contrast, welcomed the move and revealed that it expected pre-tax profits in the second half of 1988 to amount to £3m. At the half-way stage, Pittard announced a £2.54m loss before tax, after the fall in raw material prices this spring led to serious stock losses and some dishonured contracts.

Yesterday, its shares dropped from 202p to 193p, while Strong was steady at 240p.

The deceptive grin of Sunny Jim

Christopher Parkes on RHM's £80m breakfast cereal expansion

SUNNY JIM'S cheery grin is deceptive. The cheeky chappie striding across the pack of Ranks Hovis McDougall's only branded cereal, Force Flakes, has been under a strain.

Force is very much a secondary brand, of the type being squeezed from supermarket shelves by the space and profitability constraints which are leading retailers to restrict their stocks to brand leaders and own-label products.

Until recently, this might not have been a matter of too much concern to Ranks. After all, the Viota subsidiary it picked up with the acquisition of Avana Foods last year is a prominent supplier of own-label products for all the major chains.

But now that market, too, is under pressure. Although supermarkets' own-brand cereals still account for about 22 per cent of all sales, there are distinct signs that their share is shrinking. And conventional products within this sector are losing share to muesli and similar mixtures from dozens of small makers, including many newcomers.

Clearly, if it was to make real headway in the market, Ranks was either going to have to build up Sunny Jim, develop new brands - or buy them. In the fashion of the day, it elected to buy, taking on Nabisco's Shredded Wheat, Shreddies and Team Flakes.

BREAKFAST CEREAL SALES 1982-1990 (thousands of tonnes)

	France	Italy	UK	US	West Germany
1982	6.7	2.0	325	864	20.0
1983	8.5	2.2	345	893	21.5
1984	10.6	2.4	365	951	23.5
1985	15.5	2.8	364	1010	25.5
1986	19.4	3.3	396	1079	27.5
1987	24.2	3.4	412	1123	33.5
1988	29.5	3.9	428	1141	36.0
1989	35.5	4.5	436	1171	39.0
1990	40.0	5.0	445	1200	42.0

Source: Euromonitor Market Direction

Although the City regarded the price as generous, the £80m consideration could pale into insignificance against the extra investment Ranks will need even to maintain the new brands, let alone grow them.

Kellogg routinely spends three times as much on promoting its breakfast cereals in the UK as the rest of the competition put together. As a consequence it dominates the market with a share of about 50 per cent.

The picture is similar elsewhere in the world. It operates in 40 countries, and nowhere is its share less than 40 per cent. It has 62 per cent in the tiny Italian trade, 54 per cent in France and 45 per cent in West Germany.

At home in the US, Kellogg is aiming to raise market share from 42 per cent to 50 per cent. To this end it is building a new $1.2bn plant - reputedly the mostly costly food factory ever built - which will increase capacity by 35 per cent.

In Britain, too, where it already has a 49 per cent share of the £570m market, it has lately been matching its annual promotional budget with expenditure on plant and restructuring running at between £30m and £45m a year for the past three years, according to Mr Michael Landymore, an analyst at stockbrokers Henderson Crosthwaite.

And all the while it has been pumping out new products at a dazzling rate and still pulling in margins of around 15 per cent.

Nabisco, by contrast, has been slow to innovate (although the recent introduction of Team wheat flakes was well received), and promotional spending has actually declined by about a third over the past four years. As a result its venerable brands have lost share, and Nabisco's tally now stands at about 7.5 per cent, compared with 14 per cent for Weetabix and around 4 per cent for porridge maker Quaker.

Although Nabisco - and Sunny Jim for that matter - have been present in the UK market for longer than Kellogg, neither has made any significant impression across the English Channel.

Kellogg, meanwhile, has peppered the continent in the last 10 years with product after product. Almost single-handedly Tony le Tigre has created a base market which is now growing faster than any other food sector in the European Community. As a result, Nestlé moved in three years ago, and now supplies all Europe from a single plant in Belgium. CPC, the US maker of Knorr products, is also present in force.

In these conditions, Sunny Jim and his new allies will have quite enough to do keeping up in the UK, and it has to be assumed for the present that the inclusion in yesterday's deal of "the right to use Nabisco's cereals technology throughout Western Europe," was little more than window-dressing.

Bond's change of strategy takes shape

By Ray Bashford

BOND Corporation's programme of asset disposals is likely to continue next week with the sale of the Australian group's 31 per cent holding in Dewey Warren, the insurance broker.

The sale is set to precede the disposal of a 3 per cent holding in Morgan Grenfell, the merchant bank. Bond has effective control over a further 5 per cent stake in Morgan Grenfell which is held by Dewey Warren.

The disposals would take Bond closer to its aim of withdrawing from the British financial services sector as part of an important shift in its investment strategy.

This new direction has coincided with the development of its 11 per cent holding in Allied-Lyons, the diversified brewing group and a 21.5 per cent stake in Lonrho, the international conglomerate.

Bond has expressed the intention of narrowing its ambitions to concentrate on core operations - brewing, media, property and resources. This strategy has fuelled speculation that the Allied and Lonrho stakes may be launching pads from takeover offers.

The company has also made recent significant asset disposals in Hong Kong and Australia and others are expected to follow in both places.

The shares in Dewey Warren advanced yesterday 7p to 130p as speculation grew about the future ownership of the company if the sale of the Bond holding goes through.

Based on this closing price, the company is capitalised at £62.5m and the Bond stake at £19.4m.

The Dewey Warren holding was inherited through the acquisition earlier this year of Mr Robert Holmes a Court's Bell Group for A$850m.

The first step in this "phased withdrawal" from the financial services sector came earlier this month with the sale of its 13.4 per cent holding in M & G, Britain's largest unit trust group, for £34m.

Two days later Bond cleared the decks further by selling the 14.9 per cent interest in Standard Chartered, the international banking group, for £165m.

Other British legacies of the Bell acquisition outside the financial services area have also been sold. These have included ITC, the Californian-based film and television production, which was sold to a management team for £65m.

A conclusion to negotiations for the disposal of a 14.9 per cent stake in TV-am, the ITV franchise holder for breakfast television, is also expected soon which would return between £15m and £20m.

● Mr Tiny Rowland has increased his stake in Lonrho to 15.35% with the purchase on November 17 of 750,000 shares at 380p.

See Bond Intl P10

Raglan's £4.8m shopping spree

By Andrew Hill

RAGLAN PROPERTY Trust, a property development company, is paying LAS Investment Assurance £4.76m for 14 freehold shops. The deal, which should increase Raglan's annual rental income from £563,000 to £792,000, will be funded by an issue of 42.3m new ordinary shares.

Glynwed International, the engineering group, will not take up all the shares to which it is entitled, slightly diluting its stake in Raglan from 27.7 per cent to 21.6 per cent. The balance of Glynwed's entitlement is to be placed conditionally with IR Property Investment Trust, which would give the trust a 5.9 per cent stake.

Raglan also announced a 33 per cent increase in pre-tax profits to £418,301 in the half year to September 30. Earnings per share rose to 0.2p (0.13p).

The new shares are being made available to shareholders on the basis of one for every 2.9 held, at the placing price of 12.5p, compared with yesterday's closing price of 12p, down ½p. The company's directors are to take up their entitlement of 808,721 shares.

Raglan has been concentrating on retail sector developments, especially shopping centres in market towns. The shops in this deal, which will initially be kept as investment properties, are in Darlington, Gosport, Haverhill, Morpeth, Oswestry, Ripley, St Austell and Witney.

Kelt bid 'lacks credibility'

By Clare Pearson

CARLESS, oil independent, yesterday claimed the lack of credibility of Kelt Energy as a bidder had been recognised by its shareholders. This was indicated by the low level of acceptances the smaller company's hostile offer had received.

Kelt announced on Thursday, the first closing date of its £208m bid, that it owned or had received acceptances in respect of 47.2 per cent of the shares.

But Carless said this meant that, other than London Merchant Securities, investment concern, which pledged acceptances in respect of its 27.2 per cent holding on a non-binding basis at the outset of the bid, shareholders speaking for only 8.8 per cent had accepted.

It arrived at the figure by deducting interests held by Kelt and Mr Hubert Perrodo, its chairman, the LMS acceptances, and those which had not been supported by relevant share certificates.

Rawda Investments, Carless' second largest shareholder with a little more than 8 per cent, said yesterday it had not provided acceptances in respect of any part of its holding.

Carless' shares yesterday closed down ½p at 115p, the level of Kelt's cash offer price.

Perpetual follows dismal trend

By Clay Harris

PERPETUAL, unit trust group, continued a dismal run of results for fund managers by reporting pre-tax profits of £2.62m for the year to September 30, less than half the £5.49m achieved in 1986-87.

Mr Martyn Arbib, chairman, warned that unless there was a substantial improvement in unit trust sales, or stock markets benefited from a marked increase in values, Perpetual faced a further significant decline in unit trust profits.

Perpetual hoped partially to offset this with the sale of computer systems and administrative services, Mr Arbib said.

Yesterday's results followed similar gloomy figures over the past month from managers such as GT Management and Henderson Administration. Only Mercury Asset Management, the S.G. Warburg subsidiary, has bucked the trend.

Perpetual's funds under management fell to £436m at September 30, against £675m a year earlier and barely more than the figure at the end of 1985-86.

Gross profit on unit sales plunged to £1.29m, less than a third of the £3.89m achieved in 1986-87 and illustrative, Mr Arbib said, of how few sales were being completed.

Management fees declined to £3.71m (£4.72m). Although other income rose to £2.18m (£1.54m), this category included not only interest received but also the manager's profits on liquidation of units, a practice forbidden since July 1 by the Financial Services Act.

Earnings per share fell to 6.88p (14.6p), and the unchanged proposed final dividend of 1.7p will leave the total payout steady at 2.5p. Perpetual shares fell 3p to 81p.

Cundell warns on unwanted bid from Crown

By Clare Pearson

CUNDELL Packaging, which saw its plans to merge with Ferry Pickering thrown into uncertainty this week by a £28.8m offer from Crown Industrial Group, yesterday said the unwanted bid threatened to throw it back into the commodity end of the packaging industry.

Mr Brian Fix, chairman, said the agreement with fellow packager Ferry Pickering would open up new opportunities in the value-added end of the market arising from cross-referral of contacts between the two companies' customers.

A merger with Crown, by contrast, would move Cundell back towards lower margin products and expose it to all the associated competition and cyclicality of business, he said.

Cundell's shares closed up 2p at 167p - 30p above the value of Ferry's paper offer, announced a month ago. The cash bid Crown, which has been irrevocably accepted by 24.4 per cent shareholder Abbey Life, is pitched at 160p a share.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
-	F.P.	-	7	3	Amalgamated Fin. Wrrnts.	6		-	-	-	-
§20	F.P.	-	26½	21	‡Apollo Watch Prods. 3p	26	-½	b0.45	3.0	2.3	17.5
-	F.P.	-	74	55	BTR Warrants	63	-6	-	-	-	-
92	F.P.	-	105	99	‡Chieftain Group 5p	103		R3.5	2.5	4.5	11.8
§84	F.P.	-	95	84	‡EW Fact 5p	95		b3.0	2.3	4.2	9.9
§55	F.P.	-	66	55	*Edinburgh Hibernian 2p	64	-2	-	-	-	-
-	F.P.	-	8	5	Glasgow Inc Trust Wrrnts.	5½		-	-	-	-
140	F.P.	25/11	197	143	‡Jeves Group 5p	190		R4.2	2.9	2.9	11.7
§120	F.P.	16/11	128	120	Melville Group 10p	122	-2	L4.2	1.9	4.4	12.2
§100	F.P.	-	101	95	New Zealand Inv. Tst.	95	-1	F6.0	-	8.4	-
§180	F.P.	-	193	183	Portmeirion Pots. Hldgs 5p.	183	-3	R4.5	2.3	3.3	14.2
170	F.P.	-	178	161½	Racal Telecom 5p	161½	-4	R1.28	4.2	1.1	29.0
§62	F.P.	-	68	64	Ralston Investment Tst.	66	-1	L1.5	-	3.0	-
93	F.P.	8/12	98	93	SMAC Group	93	-3	R2.1	3.4	3.0	11.4
§66	F.P.	-	69	66	‡Saleland 5p	66	-3	R2.6	3.2	5.3	6.5
†	10p	-	15	13½	*Whitegate Leisure 20p	13½	-1	-	-	-	-
-	F.P.	-	12	6	*Do. Warrants	10½		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	96p	93p	AMEC New 6½p (Net) Cm Cv Rd Pf 50p	94p	
100p	F.P.	-	100¼p	100p	Arlington Sec 9½pc Cm. Rd Pf. 2008	100p	-½
100.3p	F.P.	-	101p	95p	Blackwood Hodge 9pc Cm Pf £1	95p	-1
-	F.P.	-	104½	103¼	British Sugar New 10¾pc Deb. 2013	104½	
100.89	F.P.	-	103½p	99½p	Colorall Grp 9pc Cm Rd Prf 2005 10p	99½p	-1
100p	F.P.	-	106p	105p	Ests & Gen 6pc (Net) Cm Cv Rd Pf £1	105p	-1
-	F.P.	28/10	254p	228p	Grand Met. 5.75pc Cv Uns. Ln 1989	238p	-16
§97.34	£30	31/1	32¾	30	Land Securities 10pc 1st Mtg Deb	32¼	
100p	F.P.	-	115p	109p	Lloyds Chem 7.5p (Net) Cm Rd Pf 5p	110p	-1
100p	F.P.	-	98p	93p	Mecca Leisure Grp. 7.25p Cv Pf. 20p	94p	-3
-	F.P.	-	100	99¼	N'wide Anglia 11⅞pc 6.11.89	99½	
§100p	F.P.	-	96p	93p	Parkfield Grp 9pc(Net)Rd Pf '10/13 £1	95p	
§100p	F.P.	-	107p	106p	‡Quarto Grp Inc. 8¼pc (Net) Cv Cm Pf	107p	
§99.31	F.P.	20/1	99¼	99	TSB Group 10⅝pc Ln. 2008	99¼	
100p	F.P.	-	75p	65p	‡UTC Grp 4.38pc (Net) Rd Cv Pf 1998	70p	
100p	F.P.	-	104p	100p	Williams Hldgs 8p (Net) Cv Rd Pf 10p	100p	-2
§100p	F.P.	-	121p	109p	‡Wyevale Garden Cntrs. 8.5pc Cm Pf	121p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
155	Nil	-	30pm	20pm	Britannia Sec Group 10p	20pm	-3
90	Nil	-	7pm	3½pm	Goal Petroleum 5p	7pm	
99	F.P.	22/12	126	116	Howden Group	123	
100	Nil	-	80pm	30pm	Pavilion Leisure 10p	30pm	-10
255	Nil	30/12	48pm	16pm	Polly Peck Int 1 10p	16½pm	-6½
215	Nil	-	20pm	13pm	Quadrant Group 10p	13pm	-7
175	Nil	-	28pm	15pm	Ratners Group 10p	15pm	-8
Ir32	Nil	25/12	9pm	7pm	Ryan Hotels Ir.5p	7pm	
5	Nil	-	10½pm	1pm	‡SelecTV 1p	7½pm	
35	F.P.	24/11	41	34	West Trust 2½p	34	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989. Q Gross. R Forecast annualised dividend cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures ¶ Issued by tender ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. §Placing price ‡‡ Reintroduction. ‡ Issued in connection with reorganisation merger or takeover. ‖ Allotment price ‡ Unlisted securities market. ‡ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings — Nov 21
- Last Dealings — Dec 2
- Last Declarations — Feb 23
- For settlement — Mar 6

For rate indications see end of London Share Service

Calls in SI Group, Plessey, Dares Ests, Lonrho, Aviva, Humberside Elec, Kelt Energy, Ibstock, Norfolk Cap, Control Secs, Rosehaugh, BP, Bennett & Fount, Matrinex, Blue Arrow, Trafford Park, Wimpey, Lon Secs, MB Grp, Bula, PML, Morgan Grenfell, Tyndall, Suter, Prestwick, Sears, Blanchards, Cluff Wrts, Goal Pet, Dewey Warren, Tubular Exhib, Coats Viyella, Ketson, Pentland, Br Gas, BOMs.

Clyde Blowers declines to £141,000

The recent profit decline continued at Clyde Blowers, Clydebank-based maker of steam and soot blowing equipment, with a 32 per cent fall in taxable profits from £208,000 to £141,000 in the year to August 31.

There was a loss at the operating level of £43,729, compared with profits of £15,797 last time on turnover 12 per cent higher at £3.66m (£3.27m). Income from investments was lower at £185,000 (£193,000).

After tax of £35,000 (£48,000) earnings per share were lower at 10.6p (16p). The directors are proposing to maintain the total dividend at 7.15p with a same-again final payment of 6.32p.

Pernod/IDG

Pernod Ricard, the French drinks group, yesterday declared unconditional its I£4.50 per share offer for Irish Distillers. Pernod, which has emerged the victor after a long battle with Grand Metropolitan, holds 54.6 per cent of the whiskey group. GrandMet, whose bid was prohibited by the Irish Government holds 29.9 per cent of the distiller.

Quadrex comments on High Court judgment

QUADREX HOLDINGS, the New York-based securities company, last night issued a statement in the wake of the High Court ruling on Thursday in an action brought by British & Commonwealth Holdings, the UK financial services group.

Quadrex emphasised that the summary judgment in B&C's favour by Mr Justice Hirst was on liability only and that the judge did not order Quadrex to pay any sum by way of damages. Quadrex said, moreover, that it would pursue a vigorous appeal against the decision.

The US company also said that neither Quadrex Securities nor R.P. Martin, its UK subsidiaries, were party to any proceedings brought by B&C.

The case involved B&C's claim for about £100m in damages after Quadrex failed to complete an agreed purchase of two wholesale broking operations, M.W. Marshall and William Street Holdings, in February this year.

Black Arrow rises

Black Arrow, the office furniture distributing and leasing group, lifted taxable profits for the half year ended September 30 1988 to £1.9m, an increase of almost 25 per cent over last time's £1.53m.

Turnover improved by 14per cent from £9.8m to £11.2m and earnings for the half year came to 4.82p (4.08p). The interim dividend is lifted to 1p (0.75p).

Pressure mounts for probe into water bids

By Andrew Hill

PRESSURE FOR an investigation into bids for two water companies is mounting, with Northumbrian Water Authority yesterday joining Labour and SLD MPs' protests over the agreed offers, launched by Lyonnaise des Eaux, the French water supplier, on Monday.

Dr David Clark, Labour MP for South Shields, and 14 other Labour MPs for Tyne and Wear, have made a formal submission to the Office of Fair Trading, objecting to the bids for Sunderland & South Shields and Newcastle & Gateshead statutory water companies, which supply water within Northumbrian's area.

At the same time, the MPs are seeking a meeting with Mr Michael Howard, the minister responsible for piloting the bill to privatise the 10 water authorities through Parliament. The MPs are worried about the monopolies implications of the takeovers, and the transfer of control of the water supply away from north east hands.

Northumbrian, which sold small stakes in the water companies 10 days before the takeover bids, will also be submitting objections to the OFT. Northumbrian had come under pressure from the water companies and unions to sell its shares, which it claimed were held to stimulate co-operation between the authority and the companies.

Separately, Mr Alan Beith, SLD MP for Berwick-upon-Tweed, has written to Lord Young, the Secretary of State for Trade and Industry, asking him to refer the bids to the Monopolies and Mergers Commission. Mr Beith claims that Lyonnaise, which already owns two of the 29 UK statutory water companies, now controls 20 per cent of the sector.

David Clark, Labour MP for South Shields: formal submission to the OFT

The OFT, which is investigating bids by Compagnie Generale des Eaux, one of Lyonnaise's rivals, for the North Surrey and Lee Valley water companies, has yet to decide whether it should look into the Lyonnaise offers.

Takeovers worth more than £30m are automatically subject to investigation. The recommended bid for Newcastle & Gateshead Water Company values the group at £30.5m and Sunderland & South Shields at £29.8m.

Although the £30m trigger point is strictly observed, the OFT said yesterday that it could propose an investigation on the more flexible grounds of a company's market share.

Launching the Water Bill on Thursday, Mr Nicholas Ridley, the Environment Secretary, said that he could not prevent French groups taking over the companies, which supply 25 per cent of the UK's water. The Government has yet to decide whether to restrict foreign investment in the water authorities once they are privatised.

So far this year France's three largest water suppliers have launched agreed bids for nine water companies - five of them in the last week - and hold substantial stakes in at least six more.

ADT gets set to offer marathon share perk

By Clay Harris

ON YOUR MARKS, small investors. ADT, Bermuda-based international services group, is about to surge ahead in the race to offer perks to shareholders.

Holders of 500 or more shares, worth about £600 yesterday, next January 31 will be able to apply for a guaranteed entry form in the 1989 London Marathon, of which ADT, formerly Hawley Group, is the principal sponsor. A ballot will be held if more than 250 shareholders apply.

ADT also said it planned to seek shareholders' authority to buy in up to 10 per cent of its common shares, a proportion worth £46m yesterday.

Mr David Hammond, finance director, said this was intended to give ADT flexibility, as was a $250m seven-year unsecured multi-currency revolving credit agreement signed yesterday with seven international banks. The agreement involves the extension of maturities on $150m of existing facilities and the lining up of $100m in new money.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Black Arrow	int	1	Jan 3	0.75	-	*2.75
Clyde Blowers	fin	6.32	-	6.32	7.15	7.15
Hughes Food §	int	0.25†	Feb 3	0.25	-	1.5
GWR Group §	fin	3	-	-	-	-
Merrydown §	int	1	-	*0.9	-	*5.3
Peel Holdings	int	3	Apr 6	1.75	-	5.25
Rex Williams	int	nil	-	0.42	-	0.62
SAC Intl. §	fin	2.5	Jan 17	2.5	4	3.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: Organisation of Petroleum Exporting Countries resume meeting in Vienna. Conservative trade unionists annual conference in Southport (until November 27). Warsaw conference of heads of Europe, US and Canadian parliaments to discuss the future of Europe (until November 28).

MONDAY: CBI monthly trends enquiry (November). European Free Trade Association council meets in Geneva (until November 29). Mr Ernest Saunders and others to appear at Bow Street magistrates court on Guinness charges. NIREX makes statement on radioactive waste disposal. US merchandise trade (third quarter), balance of payments basis. Commons debates Queen's speech. International conference in London discusses the health and environmental consequences of ozone depletion at the Royal Institute of British Architects.

TUESDAY: London sterling certificates of deposit (October). Bill turnover statistics (October). Monetary statistics (including bank and building society balance sheets) (October). Sterling commercial paper (October). Opening session of Supreme Soviet discussion on state structure and legal reform in Moscow. Financial Times conference on "Private health care" at Hotel Inter-Continental, London (until November 30). European transport ministers meet at the OECD in Paris. World Travel Market opens at Olympia. US gross national product (third quarter) (last revision).

WEDNESDAY: New vehicle registrations (October). Overseas travel and tourism (September). Mrs Margaret Thatcher, Prime Minister, and Mr François Mitterand, French President, meet in Mont St. Michel for informal talks. Banking ombudsman's annual report. Lord Trefgarne, Defence Minister, to make statement on defence procurement and small firms.

THURSDAY: Financial Times conference "European business forum — 1992 and after" at the Grand Hotel, Rome. Financial Times conference "Venture capital financial forum" at Hotel Inter-Continental, London. NATO defence ministers meet in Brussels. The General Assembly of the United Nations will debate the Palestine issue.

FRIDAY: Company liquidity survey (third quarter). UK official reserves (November). Housing starts and completions (October). House renovations (third quarter). Capital issues and redemptions (November). US unemployment (November). European Community summit meeting in Rhodes (until December 4). Deadline for British Steel share issue applications.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 89 Vol	Last	May 89 Vol	Last	Aug. 89 Vol	Last	Stock
GOLD C	$440	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$424.40
GOLD C	$460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$424.40
GOLD P	$380	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$424.40
GOLD P	$400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$424.40
GOLD P	$420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$424.40
GOLD P	$440	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$424.40
		Dec. 88		Jan. 89		Feb. 89		
EOE Index C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
EOE Index P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 237.06
		Feb. 89		May. 89		Aug. 89		
OBL Index C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 100.88
OBL Index P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 100.88
OBL Index P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 100.88
		Dec. 88		Jan. 89		Feb. 89		
S/FI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 193.85
S/FI P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 193.85
S/FI P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 193.85
		Jan. 89		Apr. 89		Jul. 89		
ABN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ABN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AEGON C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMEV C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMEV P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMRO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BUHRMANN-T C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BUHRMANN-T P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ELSEVIER C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GIST-BROC C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GIST-BROC P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEINEKEN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEINEKEN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOGOVENS C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOGOVENS P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KNP C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NEDLLOYD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NEDLLOYD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NAT.NED. C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NAT.NED. P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHILIPS C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHILIPS P	Fl. 30	86	1	147	2.30	80	2.70	Fl. 30.60
ROYAL DUTCH C	Fl. 230	810	3	146	8 B	9	9.30	Fl. 222.60
ROYAL DUTCH P	Fl. 230	180	9	133	11	10	14.50	Fl. 222.60
UNILEVER C	FL 120	237	1.60	92	4.60	18	6	Fl. 112.20
UNILEVER P	FL 110	56	2.40 A	87	4.90	45	7	Fl. 112.20
VAN OMMEREN C	Fl. 30	110	1.10	7	2.40 A	150	2.30	FL 29.60
VAN OMMEREN P	FL 27.50	60	0.50	–	–	–	–	Fl. 29.60

TOTAL VOLUME IN CONTRACTS : 24,971

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	City Merchants Bank	13	NatWestminster	12
Adam & Company	12	Clydesdale Bank	13	Northern Bank Ltd	12
AAB - Allied Arab Bk	12	Comm. Bk. N. East	12	Norwich Gen. Trust	13
Allied Irish Bank	12	Co-operative Bank	*13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Coutts & Co	13	Provincial Bank PLC	13
ANZ Banking Group	12	Cyprus Popular Bk	13	R. Raphael & Sons	12
Associates Cap Corp	12	Dunbar Bank PLC	13	Roxburghe G'rantee	12½
Authority Bank	13	Duncan Lawrie	12	Royal Bk of Scotland	12
● B & C Merchant Bank	13	Equatorial Bank plc	12	Royal Trust Bank	13
Bank of Baroda	13	Exeter Trust Ltd	13½	● Smith & Williamson Secs.	12
Banco Bilbao Vizcaya	12	Financial & Gen. Bank	12	Standard Chartered	13
Bank Hapoalim	12	First National Bank Plc.	13	TSB	12
Bank Leumi (UK)	12	● Robert Fleming & Co.	12	UDT Mortgage Exp	$12.75
Bank Credit & Comm	12	Robert Fraser & Ptrs.	12½	United Bk of Kuwait	13
Bank of Cyprus	12	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	12	● Guinness Mahon	13	Unity Trust Bank Plc	12
Bank of India	12	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	12
Banque Belge Ltd	12	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§12	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	12		
Berliner Bank AG	12	Hongkong & Shangh	12		
Brit Bk of Mid East	12	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	12		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
Cl. Bank Nederland	13	McDonnell Douglas Bnk	12½		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	12	Mount Bnkg Corp.	13		
Citibank NA	12	Nat Bk. of Kuwait	13		

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FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Fri Nov 25 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Thu Nov 24 Index No.	Wed Nov 23 Index No.	Tue Nov 22 Index No.	Year ago (approx) Index No.	1988 High	1988 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (209)	791.59	−3.0	11.18	4.29	11.07	23.79	815.71	819.07	815.46	664.15	838.49 1/11	706.80 8/2	1038.07 16/7/87	50.71 13/12/74
2 Building Materials (28)	982.59	−3.3	12.78	4.57	9.64	28.90	1016.25	1016.14	1018.63	852.84	1058.10 5/8	937.68 8/2	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction (38)	1512.02	−3.7	12.93	4.01	10.08	45.10	1569.76	1571.02	1557.60	1220.39	1627.40 11/10	1385.83 4/1	1951.50 16/7/87	71.48 2/12/74
4 Electricals (11)	2372.13	−2.3	9.86	4.76	13.34	76.55	2428.53	2440.04	2426.81	1891.05	2440.04 23/11	1946.87 6/4	2733.45 20/7/87	84.71 25/6/62
5 Electronics (30)	1723.95	−3.0	10.46	3.65	12.39	43.21	1777.01	1798.03	1789.94	1452.97	1816.22 17/11	1423.66 9/2	2236.70 17/7/87	1229.01 8/10/85
6 Mechanical Engineering (56)	416.68	−2.9	10.71	4.33	11.46	13.34	429.05	431.05	429.04	331.84	437.20 8/8	367.20 8/2	544.57 14/10/87	45.43 5/1/75
8 Metals and Metal Forming (7)	491.38	−2.6	9.90	3.99	12.49	13.09	504.55	506.65	507.44	385.67	516.28 8/11	424.40 19/2	596.67 9/10/87	49.65 6/1/75
9 Motors (16)	274.29	−2.3	12.37	4.91	9.34	9.80	280.81	281.32	279.27	238.10	295.13 10/3	259.47 1/9	411.42 13/10/87	19.91 6/1/75
10 Other Industrial Materials (23)	1328.17	−2.6	10.00	4.63	11.82	44.07	1363.80	1365.36	1352.81	1161.28	1397.10 1/11	1191.01 8/2	1736.80 22/9/87	277.55 15/1/81
21 CONSUMER GROUP (187)	1045.63	−2.4	9.71	3.88	12.94	25.83	1071.27	1074.08	1065.14	973.23	1118.61 8/8	996.55 8/2	1406.32 16/7/87	61.41 13/12/74
22 Brewers and Distillers (21)	1126.94	−1.8	10.61	3.68	11.86	23.01	1147.29	1147.10	1143.47	933.25	1160.92 24/10	951.87 8/2	1269.35 16/7/87	69.47 13/12/74
25 Food Manufacturing (21)	933.68	−2.4	9.47	4.07	13.35	22.16	956.73	962.40	957.45	776.41	1016.66 1/8	803.48 6/4	1092.25 16/7/87	59.67 11/12/74
26 Food Retailing (16)	1826.40	−2.8	9.64	3.74	13.69	43.14	1879.71	1882.25	1857.63	1967.54	2179.42 10/3	1795.54 14/11	2649.96 16/7/87	54.25 11/12/74
27 Health and Household (12)	1825.07	−1.8	7.38	2.77	15.55	36.08	1859.19	1861.64	1845.35	1738.22	1946.55 19/10	1708.33 13/1	2699.85 16/7/87	175.38 28/5/80
29 Leisure (31)	1386.63	−2.5	8.58	3.71	14.92	33.98	1422.01	1428.98	1420.93	1037.54	1433.24 8/11	1142.19 4/1	1504.79 13/10/87	54.83 9/1/75
31 Packaging & Paper (17)	528.11	−4.0	10.63	4.26	11.69	15.75	549.97	554.46	547.99	458.39	565.09 19/10	473.11 6/4	739.48 16/7/87	43.46 6/1/75
32 Publishing & Printing (19)	3337.08	−3.2	9.01	4.31	13.84	104.19	3446.88	3461.15	3448.80	3138.48	3647.52 8/8	3256.50 19/9	5070.66 5/10/87	55.08 6/1/75
34 Stores (34)	727.65	−2.5	11.68	4.71	11.26	21.82	746.16	746.49	733.82	881.14	859.85 29/1	724.82 14/11	1160.58 29/7/87	52.63 6/1/75
35 Textiles (16)	484.31	−2.6	14.29	5.76	8.38	15.19	497.26	500.86	502.63	542.46	620.72 27/4	484.31 25/11	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS (92)	891.96	−2.0	11.51	4.63	10.60	23.27	909.91	911.81	905.82	796.99	923.13 1/11	808.16 9/9	1192.48 8/10/87	58.63 6/1/75
41 Agencies (19)	1036.89	−2.4	8.49	2.68	14.82	20.72	1062.85	1066.61	1040.71	913.60	1219.02 18/3	1008.16 9/9	1795.57 17/7/87	870.35 4/12/87
42 Chemicals (22)	1019.78	−1.7	12.52	5.16	9.59	37.98	1037.54	1042.62	1041.90	969.21	1121.86 6/1	971.71 5/4	1545.46 5/10/87	71.20 1/12/74
43 Conglomerates (12)	1240.99	−2.1	10.58	4.59	10.82	25.26	1268.25	1272.77	1249.51	1093.08	1272.77 23/11	1095.37 4/1	1547.01 8/10/87	975.19 10/11/87
45 Shipping and Transport (12)	1981.48	−2.6	11.75	4.94	11.12	50.43	2033.66	2035.59	2032.70	1663.84	2092.59 23/11	1718.94 4/1	2497.83 16/7/87	90.80 29/6/62
47 Telephone Networks (2)	981.35	−1.7	11.97	4.79	10.86	20.36	998.16	996.08	989.24	834.80	1011.82 1/7	880.24 12/1	1274.14 9/6/87	517.92 30/11/84
48 Miscellaneous (25)	1194.98	−2.0	11.91	4.59	9.56	38.27	1219.62	1223.68	1219.22	1099.97	1281.89 27/10	1096.28 19/5	1773.70 5/10/87	60.39 6/1/75
49 INDUSTRIAL GROUP (488)	951.76	−2.4	10.60	4.20	11.71	25.26	975.48	978.30	971.42	852.63	996.43 8/8	887.00 8/2	1266.86 16/7/87	59.01 13/12/74
51 Oil & Gas (12)	1720.23	−1.1	10.76	6.50	11.89	76.79	1740.08	1734.84	1725.25	1569.54	1881.96 21/6	1681.40 9/9	2458.68 16/7/87	87.23 29/5/62
59 500 SHARE INDEX (500)	1017.14	−2.3	10.62	4.51	11.73	29.60	1040.62	1042.73	1035.68	915.09	1078.40 8/8	958.79 5/2	1369.88 16/7/87	63.49 13/12/74
61 FINANCIAL GROUP (124)	681.24	−2.1	–	5.20	–	24.76	696.07	699.60	690.81	600.29	720.68 14/6	630.82 8/2	896.67 13/10/87	55.88 13/12/74
62 Banks (8)	667.76	−1.6	21.02	6.46	6.38	31.13	678.70	683.53	676.31	628.25	701.86 20/10	618.26 7/4	898.38 16/7/87	62.44 12/12/74
65 Insurance (Life) (8)	923.85	−2.5	–	5.74	–	39.81	947.25	953.20	952.01	834.99	1090.17 3/8	923.85 25/11	1285.72 9/10/87	44.88 2/1/75
66 Insurance (Composite) (7)	502.34	−2.2	–	6.19	–	24.04	516.60	517.18	515.50	475.95	567.92 18/6	481.43 8/2	707.58 13/10/87	43.96 13/12/74
67 Insurance (Brokers) (7)	902.12	−0.8	9.72	7.17	12.85	45.06	908.98	905.83	894.49	785.60	1022.51 27/6	823.41 6/4	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks (11)	328.33	−1.9	–	4.54	–	9.20	334.68	336.47	335.78	325.10	378.23 9/6	318.54 9/9	547.39 12/10/87	31.21 7/1/75
69 Property (52)	1268.23	−3.1	5.51	2.65	23.22	19.32	1308.45	1318.34	1269.50	891.33	1318.34 23/11	975.44 4/1	1374.86 16/7/87	56.01 20/4/65
70 Other Financial (31)	358.74	−1.2	9.80	5.47	12.74	13.04	363.28	361.30	360.06	366.31	401.37 22/3	351.55 9/9	603.48 16/7/87	33.29 17/12/74
71 Investment Trusts (76)	914.40	−1.7	–	3.26	–	18.15	930.33	933.31	929.77	784.79	943.09 8/11	784.91 4/1	1207.90 5/10/87	71.12 13/12/74
81 Mining Finance (2)	567.24	−1.1	10.78	3.69	10.34	15.67	573.44	569.23	569.97	411.31	619.62 21/9	385.04 8/2	727.93 3/8/87	66.31 30/9/74
91 Overseas Traders (8)	1362.25	−0.9	8.69	4.64	13.34	44.98	1374.13	1384.72	1387.70	870.01	1447.77 7/11	969.88 4/1	1447.77 7/11/88	97.37 6/1/75
99 ALL-SHARE INDEX (710)	934.36	−2.2	–	4.57	–	27.96	955.23	957.58	958.37	831.08	978.58 8/8	870.19 8/2	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 24	Nov 23	Nov 22	Nov 21	Nov 18	Year ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ‡	1794.7	−38.3	1836.4	1782.5	1833.0	1837.1	1821.3	1811.1	1823.4	1651.6	1879.3 22/6	1694.5 8/2	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri Nov 25	Day's change %	Thu Nov 24	xd adj. today	xd adj. 1988 to date
British Government					
1 5 years	118.55	−0.75	119.45	–	10.20
2 5-15 years	135.10	−0.79	136.17	–	11.64
3 Over 15 years	146.67	−0.59	147.53	–	13.10
4 Irredeemables	169.67	−0.40	170.36	–	13.38
5 All stocks	132.49	−0.75	133.48	–	11.43
Index-Linked					
6 5 years	129.92	−0.40	130.44	–	1.81
7 Over 5 years	127.23	−0.41	127.75	–	2.96
8 All stocks	127.24	−0.40	127.76	–	2.85
9 Debentures & Loans	117.84	−0.05	117.91	–	10.53
10 Preference	86.83	−0.32	87.11	–	6.03

AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 25	Thu Nov 24	Year ago (approx.)	1988 High	1988 Low
British Government						
1 Low Coupons	5 years	10.27	9.98	8.48	10.27 25/11	8.38 18/4
2	15 years	9.48	9.39	9.20	9.83 13/1	8.90 18/4
3	25 years	9.05	9.00	9.08	9.57 13/1	8.82 18/4
4 Medium Coupons	5 years	10.66	10.37	9.09	10.66 25/11	8.75 18/4
5	15 years	9.71	9.63	9.39	10.01 13/1	9.12 15/3
6	25 years	9.27	9.24	9.31	9.79 13/1	8.99 14/3
7 High Coupons	5 years	10.82	10.50	9.16	10.82 25/11	8.84 18/4
8	15 years	9.82	9.74	9.53	10.16 13/1	9.26 15/3
9	25 years	9.31	9.24	9.33	9.82 13/1	9.03 15/3
10 Irredeemables†		8.92	8.88	8.91	10.09 2/9	8.65 18/4
Index-Linked						
11 Inflation rate 5%	5yrs.	3.54	3.33	2.72	3.54 25/11	2.09 30/3
12 Inflation rate 5%	Over 5 yrs.	3.71	3.68	3.90	4.27 13/1	3.53 8/11
13 Inflation rate 10%	5yrs.	2.34	2.12	3.01	3.59 13/1	1.09 30/3
14 Inflation rate 10%	Over 5 yrs.	3.54	3.51	3.96	4.37 13/1	3.37 8/11
15 Debs & Loans	5 years	11.32	11.31	10.65	11.82 28/9	10.16 24/5
16	15 years	11.06	11.05	10.62	11.41 28/9	10.51 19/4
17	25 years	10.79	10.78	10.62	11.21 2/9	10.51 19/4
18 Preference†		10.31	10.28	10.63	10.84 4/1	9.54 22/6

‡Opening index 1836.3; 10 am 1830.7; 11 am 1831.8; Noon 1814.2; 1 pm 1791.9; 2 pm 1783.4; 3 pm 1789.6; 3.30 pm 1794.4; 4 pm 1793.2 (a) 9.01am (b) 2.08pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: TR North American Trust (71) has been deleted. NAME CHANGES: Barker & Dobson is now Budgens (26).

INTERNATIONAL COMPANIES AND FINANCE

Sharp fall in NTT interim profits

By Gordon Cramb in Tokyo

NIPPON TELEGRAPH and Telephone (NTT), the world's biggest company by stock market value, yesterday disclosed a marked downturn in earnings and warned that new competition would continue to hamper its growth.

The poor showing is the latest in a series of blows for the privatised telecommunications giant. It comes only five weeks after the Japanese Government raised Y2,850bn in the latest tranche of its share issue which stockbrokers at one stage were struggling to sell.

NTT has also become embroiled in the country's Recruit share scandal over preferential share allocations in a property company. Earlier this month an aide to Mr Hisashi Shinto, NTT's chairman, resigned over his involvement in the affair.

The fall in pre-tax profits, down 14.6 per cent to Y170.6bn ($1.41bn) in the six months to September, is the first decline since NTT gained its Tokyo stock exchange listing in January last year.

The outcome contradicts a bullish earlier forecast that profits could reach Y220bn.

NTT has, however, spent the last few weeks hinting that its previous expectations would not be reached. Its shares, which have weakened since the offering in mid-October, managed to rally yesterday despite the lunchtime release of the results, closing Y20,000 higher to match the offer price for the new equity of Y1.9m apiece.

The performance of NTT – where first-half revenue grew by a bare 1.1 per cent to Y2.767bn – is in marked contrast to a generally strong trading picture being reported elsewhere in Japanese industry, in a results season which drew towards a close yesterday.

A survey of nearly 400 companies outside the financial sector undertaken by the Nihon Keizai Shimbun, the country's economics daily, showed an average 65 per cent gain in pre-tax profits for the same period, the strongest increase in 15 years. Progress has been fuelled by good consumer demand and growth in private-sector capital spending.

NTT said its own setback reflected the launch in September 1987 of rival phone services offered by so-called new common carriers (NCCs) for long-distance calls linking key metropolitan areas within Japan. Reduced interest charges and a lower tax bill left net earnings unchanged at Y100.7bn.

At a press conference yesterday, company officials said the rival operators had already taken up to 10 per cent of this traffic for the Tokyo, Osaka and Nagoya areas. In a full year, this would deprive NTT of some Y30bn in revenues, they added.

NTT has progressively been cutting its own call charges in order to fend off the competition. Yesterday it announced a further cut of 10 per cent in long-distance rates.

Earlier reductions were of the order of 15 per cent, and analysts believe that the worst impact of the rate cuts may be over. Still, they were looking yesterday at revising markedly downward their full-year projections for NTT. The company itself is forecasting a 14.4 per cent drop in pre-tax profits to Y425bn as sales begin to weaken – down by Y49bn to an estimated Y5,613bn.

March to buy Banco Urquijo Union

By Peter Bruce in Madrid

THE MARCH Group, one of Spain's biggest industrial and financial conglomerates, has reached agreement in principle to buy Banco Urquijo Union, Spain's ninth largest bank in terms of deposits, from its present owner, Banco Hispano Americano, for between Pta50bn and Pta60bn ($444m and $533m).

The two sides confirmed yesterday they were in "advanced" negotiations over the sale of Hispano's 97 per cent of Banco Urquijo. The move will finally make the March family a major player in Spain's banking industry, which has already seen two big mergers this year.

The March Group already owns its own bank, Banca March, controls a joint venture, Banco NatWest March, with the UK's National Westminster Bank, and owns two smaller banks, Banco de Progreso and Banco de Asturias. It also holds 5 per cent of Banco Hispano Americano and another 5 per cent of Banco Popular, the country's most profitable bank.

A March official said yesterday the purchase talks could still take one or two weeks to finalise.

A senior Hispano executive said Urquijo had been put up for sale because merging Hispano and Urquijo made little sense. About half of Urquijo's 150 commercial branches are very close to existing Hispano branches and they would have to compete for the same business. "It is a big bank," he said. "We don't really see any advantages in the two banks working side by side."

Hispano, Spain's fourth biggest commercial bank, bought Banco Urquijo in 1983 after it had fallen victim to the banking crisis that swept the country in the early 1980s. Hispano merged Urquijo, then one of the most illustrious names in Spanish banking, with another subsidiary, Banco Union.

But the deal cost Hispano dear. Cleansing Urquijo's bad domestic and foreign loan wiped out Hispano's 1984 dividend and in 1985 agreement was reached with the Bank of Spain whereby Urquijo was able to sell off Pta50.6bn of its doubtful assets at book value.

The Government's lifeboat operation, the Deposit Guarantee Fund, has options on Urquijo equity and the sale to March will need approval from both it and the central bank, which refused recently to allow Hispano to sell Urquijo to foreign bidders.

Urquijo made pre-tax profits of Pta2.27bn in the first nine months of this year. Buying Urquijo will nearly double the deposits under March Group control to some Pta600bn.

North Broken Hill severs share tie with Elders unit

By Chris Sherwell in Sydney

NORTH BROKEN HILL, the large Australian mining and forestry group, yesterday reached a three-pronged agreement to remove from its share register Elders Resources NZFP, the mining offshoot of Elders IXL.

Its accord with Elders Resources ends a lengthy and complicated dispute arising from two separate deals earlier this year – Elders Resources' reverse takeover of NZ Forest Products of New Zealand, and North's merger with Peko-Wallsend, another Australian resources group.

Under the agreement, which benefits both groups, North will purchase and cancel Elders' 157m shares in North for A$444m, sell to Elders a string of coal and other assets for A$310m, and place with institutions another 70m shares worth A$196m.

The Elders holding in North springs from a 15 per cent stake arising from its acquisition of NZFP, and subsequent purchases, when North was taking over Peko, which added an additional 7 per cent. North is to pay A$2.83 per share, or A$444m, for the holding – slightly above market – to give Elders a profit.

The North-Peko merger, once it came, left North with a separate 9.8 per cent stake in itself, to which Elders also laid claim.

This holding of 70m shares is now to be placed with investors in Australia and abroad at a price of A$2.78 per share (or A$2.80 cum dividend), for a total of A$196m.

The sale is underwritten and managed by Potter Partners, part of the Warburg group.

The North assets being sold to Elders for A$310m include all of North's coal interests in New South Wales, North's interest in the Port Waratah coal loader, and North's 50 per cent interest in the mineral sands operations of Rutile Zircon Mines.

Elders will also get North's 60 per cent stake in the Mount Morgan gold project in Queensland, giving it 41,000 ozs of production next year, and North's Simsmetal metal recycling and trading business.

North said yesterday the agreement represented a "further important phase" in its restructuring following the Peko-Wallsend acquisition. It has already sold its 54 per cent stake in Peko Oil to Santos, the Adelaide oil group.

The deal means North's net borrowings will drop from A$1.2bn in the immediate aftermath of the Peko purchase to less than A$675m.

BA hopes of Lan Chile stake improve

By Barbara Durr in Santiago

BRITISH AIRWAYS' chances of winning the bid for 32.7 per cent of the shares of Chile's national airline, Lan Chile, have improved. The final bidding opened yesterday, one day after a Chilean official commission virtually eliminated the participation of one of the six bidders, Ladeco, Chile's other, privately owned airline.

The Central Preventative Commission said that, if Ladeco acquired Lan Chile's shares, "national competition in passenger and cargo transport would practically be eliminated." The same reasoning was used to condition another bid. The commission strongly recommended that the European Bank for Latin America agree to sell its 12.5 per cent stake in Ladeco should it win the Lan Chile shares.

Six companies qualified last month to submit bids for the privatisation of Lan Chile, including – apart from Ladeco and the European Bank for Latin America – British Airways, Guinness Peat Aviation Group, a US airliner leasing company, Compania de Acero Pacifico (Cap), the Chilean steel company that was itself privatised, and Foestal Quiñenco, a Chilean forestry and agricultural company.

The bidding process also underwent an eleventh-hour change. Two days before the final bidding opened, companies were told Corfo, the state holding company, no longer was required to keep 40 per cent of Lan Chile's shares.

The lifting of Corfo's restriction could mean companies bidding for more shares. The Government's final decision on the bidding is due just before Christmas.

Hiltons settle ownership battle

By Anatole Kaletsky in New York

MR BARRON HILTON, the heir to the hotel empire created by his father, Conrad Hilton, has resolved the long-running legal battle with the Conrad W. Hilton Foundation over the ownership of a key block of Hilton Hotels shares, currently worth about $650m.

The preliminary agreement announced yesterday divides the 13.6m shares in Hilton Hotels left by Conrad Hilton almost equally between his son and the Hilton Foundation, a charitable trust created by the late Mr Hilton shortly before his death in 1979, primarily to support Roman Catholic nuns. More importantly from the company's standpoint, it gives voting control over more than 25 per cent of Hilton Hotels' stock to Barron Hilton, who is also chairman of the hotels group.

Hilton Hotels, which now owns only the US operations of the original worldwide chain, has frequently been rumoured as a takeover or leveraged buyout candidate. The resolution of the dispute appears to make a hostile takeover extremely unlikely. Hilton's shares rose $⅞ to $48¼ in morning trading on Wall Street yesterday. This price valued the equity in the whole group at $2.3bn.

Mr Barron Hilton, who has been running the hotel and gambling group since before his father's death in 1979, had spent much of the last nine years disputing the will which left almost 28 per cent of Hilton Hotels to the Foundation. Barron argued that his father's will also gave him an option to acquire the Foundation's stock at the 1979 market price. Since 1979, the price of Hilton shares had roughly quadrupled, putting a value of nearly $500m on Barron's alleged option rights.

Under the deal announced yesterday, Mr Barron Hilton would receive outright 4.1m of the 13.6m shares left by his father, while the Foundation would get 3.5m. The remaining 6m would be placed in a new trust which would distribute 60 per cent of its income to Barron Hilton and 40 per cent to the Foundation.

Saga Petroleum blocks Total Norsk share move

By Karen Fossli in Oslo

THE BOARD of Saga Petroleum, Norway's largest independent oil company, yesterday unanimously blocked an attempt by Total Marine Norsk, the Norwegian subsidiary of Paris-based Total-CFP, to boost its stake in Saga from 5 per cent to 35 per cent.

On Tuesday Total offered to purchase for NKr639m ($99m), or NKr20 per share, a 20 per cent stake in Saga held by Aker, the large Norwegian industrial group. It also offered NKr331m for a 10 per cent stake held by Den norske Creditbank (DnC).

For the deal to be consummated it had to clear two hurdles presented by Saga's board and the Norwegian Government.

The deal foundered yesterday on the first hurdle which required two-thirds of Saga's board to agree to boost the ceiling for foreign shareholdings in the company from 40 per cent to 60 per cent by changing Saga's by-laws. Volvo has a 20 per cent stake in Saga, and other foreign shareholders hold a further 5 per cent.

"It is the board's opinion that a majority foreign shareholding in the company is neither in the interests of the company nor the shareholders," Saga said yesterday.

Total, Aker and DnC said although Saga's board spurned Total's offer, the decision is in the hands of Saga's shareholders who have been called to an extraordinary meeting December 15. Should Saga's shareholders reverse the board's decision, which is considered unlikely, the matter would then be up to Norwegian authorities to decide.

Repayment of Dome loans lifts TD Bank

By Andrew Marshall in Toronto

THE SETTLEMENT of loans to Dome Petroleum helped Toronto Dominion Bank, the fourth largest of Canada's six chartered commercial banks, to sharply higher earnings for 1988 of C$668m or $4.29 per share, up $47m from last year.

Last year's figures, however, do not reflect C$475m of special provisions established for losses on loans to less-developed countries (LDCs).

The bank said it had also improved the quality of its assets and strengthened its balance sheet.

Net income in the fourth quarter was C$201m.

Earnings per share were C$1.30, compared with C$0.96 in the previous quarter and with C$1.09 in the fourth quarter of 1987.

ANZ turns in record results

By Chris Sherwell

THE AUSTRALIA and New Zealand (ANZ) Banking Group, the second largest of Australia's "big four" trading banks in terms of global assets, yesterday forecast further profit improvement in the current year when it announced record earnings for 1987-88 and a large dividend payout.

Figures for the 12 months to September showed a 31.2 per cent improvement in after-tax operating profits to A$505.4m (US$439m). Including extraordinary items, the after-tax profit was A$628.9m, up 57.6 per cent. Gross income rose 4.4 per cent to A$8.1bn.

The bank called it a "strong and pleasing" performance and said it meant a return to the profitability it enjoyed before its expansion abroad some years ago. Directors said they expected "significant improvement" in profit this year, and stronger profitability ratios.

They announced a fully franked dividend of 60.5 Australian cents per share, including a final dividend of 22 cents and a special dividend of 26 cents to be paid next April. In the absence of abnormal circumstances, the bank said it expected in future to distribute 50 per cent of annual operating profits.

As expected, the major contribution to overall profit came from its global banking operation, with A$398m. Contributions also improved from the finance companies and insurance business. Higher interest margins, increased business volumes and improved productivity all helped.

The darkest spot in the result was in the investment banking division, which recorded a A$13.3m loss, mainly from futures trading and local and overseas stockbroking. The McCaughan Dyson broking operation in Australia lost A$3.7m.

Bad and doubtful debts meant an increased charge to profit of A$264.8m, up from A$174m, with the bulk arising in the first half following the stockmarket crash.

Commenting specifically on the debt-burdened Fairfax newspaper group and the restructuring Ariadne group, ANZ said that at no stage had its exposure to the two companies warranted any provision for possible loss.

Magma in recapitalisation

By Kenneth Gooding, Mining Correspondent

MAGMA COPPER, second-largest US copper producer which was spun off by Newmont Mining in March 1987, has carried out a series of deals and plans a recapitalisation to complete its rebirth as a stand-alone public company.

The shares rose $1.50 to $7.50 in New York yesterday after Magma exercised its option to buy the outstanding 5.7m shares of its own B stock and all $200m of A preferred stock held by Newmont for $190m.

Magma has also bought 4.4m of its own class B shares from Consolidated Gold Fields of the UK at $5.75 a share, representing a total outlay of about $25.3m. Analysts suggest that Gold Fields also sold up to 500,000 more of the B shares in the market at between $7 and $7.50 each.

Magma also said its outstanding senior secured bank financing will be replaced by a new $300m unsecured revolving credit and term loan facility. The recapitalisation will be financed by the placement with Warburg, Pincus Capital of between $90m and $94m nominal of Magma series B convertible exchangeable preferred stock and seven-year warrants to buy B stock at $8.50 a share.

At the same time Drexel Burnham Lambert will issue $200m of copper notes on which interest will be indexed to the New York Commodity Exchange copper price.

If the recapitalisation is completed, Magma will pay a dividend in the form of 15 seven-year warrants to buy Magma B shares at $8.50 each for every 100 Magma B shares held.

Mr Michael Villeneau, analyst with Morgan Grenfell Securities in London, said the copper note was expensive, starting with an initial interest rate of 18 per cent and with a floor of 12 per cent, so Magma had given away a good deal of the potential benefit from copper price increases.

However, "Magma is still by far the most leveraged copper play in the world – particularly since there are fewer of its shares now in issue."

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988	Low 1988
Gold per troy oz.	$424.25	+6.50	$478.5	$485.5	$394.75
Silver Per troy oz	333.7p	-8.5	387.95p	457.75p	338.75p
Aluminium 99.7% (cash)	$2425	+140	$1700	$4205	$1915
Copper Grade A (cash)	£1907.5	+145.0	£1530	£1907.5	£1129.5
Lead(cash)	£392.5	+9.5	£370.5	£402.5	£328
Nickel (cash)	$14195	+705	$3655	$22200	$4022.5
Zinc (cash)	$1632.5	+55	$475.5	$1672.5	$850
Tin (cash)	£4045	-50	£3370	£4540	£3625
Cocoa Futures (Mar)	£890	+39	£1122	£1182	£722
Coffee Futures (Jan)	£1076	-7	£1258	£1317	£922
Sugar (LDP Raw)	$283.4	+22.0	$202	$393	$213.6
Barley Futures (Mar)	£110.60	+2.35	£109.55	£110.60	£97.26
Wheat Futures (Mar)	£114.35	+2.85	£117.75	£115	£103.35
Cotton Outlook A Index	58.30c	-0.45	76.70c	75.3c	54.9c
Wool (64S Super)	610p	-15	485p	675p	484p
Rubber (Spot)	55.5p	+4.5	62p	88p	51p
Oil (Brent Blend)	$14.60x	+1.54	$17.80	$17.525	$11.25

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb x-Dec.

SPOT MARKETS

[illegible]

COCOA £/tonne

[illegible]

COFFEE £/tonne

[illegible]

SUGAR ($ per tonne)

[illegible]

POTATOES £/tonne

[illegible]

SOYABEAN MEAL £/tonne

[illegible]

FREIGHT FUTURES $10/index point

[illegible]

GRAINS £/tonne

[illegible]

LONDON METAL EXCHANGE TRADED OPTIONS

[illegible]

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 9,475 tonne
Cash	2420-30	2380-5	2400/2395	2400-5		
3 months	2340-5	2305-7	2349/2305	2332-4	2347-8	20,906 lots

[illegible]

LONDON BULLION MARKET

[illegible]

Chicago

[illegible]

Bond Int'l plan to go private faces delay

By Michael Marray in Hong Kong

THE SALE by Bond Corporation International (BCI) of its 30 per cent stakes in Hong Kong listed companies HK-TVB and TVB will delay by around one month the timetable for Australian parent Bond Corporation Holdings' attempt to take the company private.

However, Mr Peter Lucas, BCI's managing director, said yesterday that there will be no change to the offer price of HK$2.20 per share being made by Bond Corporation Holdings for the 34 per cent of BCI it does not already own.

BCI confirmed yesterday that it had sold its 30.4 per cent stakes in TVB, the TV station and HK-TVB, the travel and publishing group to the Singaporean Kuok family for HK$2.014bn. The companies were recently separated and individually listed to comply with government regulations prohibiting broadcasting companies from engaging in other activities.

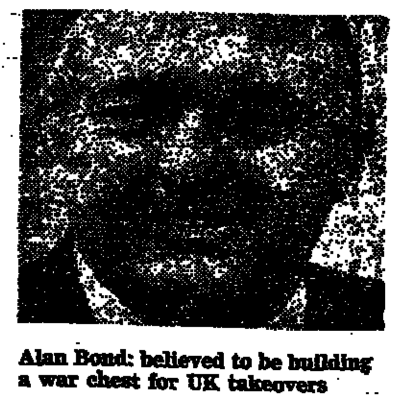
An additional 0.4 per cent stake has been sold separately to the Kuoks by another Bond company.

The sale price, HK$14.30 per share for TVB and HK$1.50 per share for HK-TVB, will generate an extra HK$218m (US$30m) over the book value of the shares stated in the offer document. BCI will thus seek to postpone the extraordinary general meeting scheduled for December 12, and send out updated information to shareholders.

The offer document estimated BCI's net asset value at HK$3.04 a share, but this will increase to HK$3.22 as a result of the TVB sale. But Mr Lucas said that the offer will still be pitched at HK$2.20.

"The offer price was always market driven," he said, and not based upon net asset values. He pointed out that the offer price is well above the HK$1.49 close for BCI shares prior to the privatisation announcement.

BCI originally bought 24 per cent of TVB early in 1987. Government regulations introduced this year forbidding individual foreign owners from holding more than 10 per cent of local TV companies did not retroactively affect the BCI stake, but



Alan Bond: believed to be building a war chest for UK takeovers

ended any chance of BCI ever gaining control over TVB, a factor which Mr Lucas said had contributed to the desire to sell.

Although Singapore based, with interests in hotels and shipping, members of the Kuok family are long-time residents of Hong Kong, and are unaffected by foreign ownership limits. The family, headed by Mr Kuok Hock Nien, owns the Shangri La hotel in Hong Kong.

Mr Lucas denied that there was any pressure on BCI from its Australian parent to make asset disposals. Speculation has centred on the need for the parent company to reduce its high gearing, and to a feeling that Mr Alan Bond is building up a war chest for takeover battles in the UK.

None the less, with the TVB stakes sold, attention in Hong Kong is now focusing upon BCI's intentions with regard to its 50 per cent stake in the Bond Centre office building. This is valued at HK$4.53bn in the offer document. BCI paid HK$1.9bn for the building in February 1987, subsequently selling a half share to Mr Harunori Takahashi, the Japanese real estate tycoon, a few months later.

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov 23	Nov 22	mnth ago	yr ago
1860.4	1844.6	1906.9	1703.3

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	135.66	132.84	134.35	132.30
Futures	138.69	137.04	138.66	135.75

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound pressured by trade data

STERLING WAITED in the wings for most of this week but it suddenly moved to centre stage yesterday, finishing firmer with the help of an interest rate rise orchestrated by the Bank of England.

The pound's performance was threatened with disaster when the first act began with a record UK current account deficit of £2.43bn in October, compared with a revised shortfall of £594m in September. The visible trade deficit last month was £2.93bn, reflecting much stronger growth in non-oil imports that exports.

There had been a reasonable amount of division in forecasts for the current account deficit, even though there was unanimity that the shortfall would widen sharply from September. Some economists had felt that favourable seasonal factors would keep the figure down to little more than £1bn, while others said that unwinding distortions in earlier figures could push the deficit up to £1.7bn. The median estimate was for a deficit of £1.2bn, so the actual October outcome was twice as bad as expected, and four times bigger than in September.

Sterling was trading at around DM3.1500 and $1.8350. It immediately fell to DM3.1375 and $1.8250, but had already started to recover when half an hour after the announcement of the trade figures the Bank of England signalled a rise of 1 p.c. to 13 p.c. in UK bank base rates.

By mid-afternoon the pound was above DM3.1700 and $1.8450, before easing back slightly at the close. Sterling finished 85 points higher on the day at $1.8440. It also rose to DM3.1625 from DM3.1475; to Y223.25 from Y222.00; to SFr2.6475 from SFr2.6375; and to FFr10.8100 from FFr10.7650.

On Bank of England figures, the pound's exchange rate index rose 0.4 to 77.6.

Oil price factors have tended to fade in importance, as far as sterling is concerned. The sudden rise in North Sea oil prices yesterday, on expectations of an Opec agreement on production quotas, did not appear to have had any impact on the pound.

The dollar was quiet, and little changed. Trading in New York merely ticked over, with many dealers stretching the Thanksgiving Day holiday. The Bank of Japan succeeded in putting a floor under the dollar, with some fairly aggressive support in Tokyo.

At the close in London the dollar had improved to Y121.05 from Y120.90. It was unchanged at DM1.7150, but had eased to SFr1.4360 from SFr1.4370 and to FFr5.8625 from FFr5.8650.

According to the Bank of England the dollar's index was unchanged at 92.0.

£ IN NEW YORK

Nov.25	Latest	Previous Close
£ Spot	1.8360-1.8370	1.8360-1.8370
1 month	0.50-0.49pm	0.52-0.51pm
3 months	1.43-1.41pm	1.32-1.29pm
12 months	4.80-4.70pm	4.70-4.63pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.25	Previous
8.30 am	77.2	77.2
9.00 am	77.2	77.2
10.00 am	77.2	77.2
11.00 am	77.2	77.2
Noon	77.6	77.2
1.00 pm	77.6	77.2
2.00 pm	77.5	77.2
3.00 pm	77.5	77.2
4.00 pm	77.6	77.2

CURRENCY RATES

Nov.25	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.748483	0.655838
U.S Dollar	6.50	1.36920	1.20972
Canadian $	8.75	1.64277	1.45267
Austrian Sch.	4	16.5851	14.5819
Belgian Franc	7½	49.4213	43.4315
Danish Krone	7½	9.09902	7.99404
Deutsche Mark	3½	N/A	2.07291
Neth.Guilder	4	2.65967	2.33802
French Franc	9½	8.05911	7.08388
Italian Lira	12½	1751.96	1539.82
Japanese Yen	2½	N/A	146.096
Norway Krone	8	8.91075	7.80683
Spanish Peseta	-	154.857	135.983
Swedish Krona	8½	8.23026	7.23317
Swiss Franc	3	1.98260	1.73485
Greek Drach.	20½	196.234	172.642
Irish Punt	-	0.882899	0.775773

*All SDR rates are for Nov.25

CURRENCY MOVEMENTS

Nov.25	Bank of England Index	Morgan** Guaranty Changes %
Sterling	77.6	-15.3
U.S Dollar	92.0	-14.8
Canadian Dollar	84.2	-2.5
Austrian Schilling	136.8	+10.3
Belgian Franc	99.5	-5.3
Danish Krone	90.5	+0.6
Deutsche Mark	146.6	+22.1
Swiss Franc	170.5	+21.2
Guilder	134.4	+14.5
French Franc	69.6	-14.9
Lira	45.8	-20.2
Yen	234.6	+89.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) **Rates are for Nov.23

OTHER CURRENCIES

Nov.25	£	$
Argentina	23.4125 - 23.5750	12.7000 - 12.7800
Australia	2.1115 - 2.1135	1.1455 - 1.1460
Brazil	1028.90 - 1035.20	558.25 - 561.05
Finland	7.5100 - 7.5370	4.0890 - 4.0910
Greece	260.50 - 264.80	141.85 - 144.25
Hong Kong	14.3675 - 14.4085	7.8060 - 7.8080
Iran	123.00*	66.75*
Korea(Sth)	1258.25 - 1268.40	685.10 - 690.70
Kuwait	0.51420 - 0.51470	0.27910 - 0.27920
Luxembourg	66.25 - 66.35	35.90 - 36.00
Malaysia	4.9030 - 4.9175	2.6580 - 2.6660
Mexico	4210.55 - 4229.90	2284.00 - 2290.00
N. Zealand	2.7985 - 2.8035	1.5200 - 1.5220
Saudi Ar.	6.9100 - 6.9160	3.7505 - 3.7515
Singapore	3.5765 - 3.5840	1.9390 - 1.9410
S. Af (Cm)	4.2805 - 4.2930	2.3200 - 2.3250
S. Af (Fn)	6.3065 - 6.4160	3.4190 - 3.4785
Taiwan	51.50 - 51.75	28.05 - 28.15
U.A.E.	6.7665 - 6.7720	3.6725 - 3.6735

*Selling rate.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8440	1.8380	1.8287	1.8150	1.7940
D-mark	3.1625	3.1418	3.1023	3.0483	2.9452
French Fr.	10.810	10.806	10.798	10.595	10.435
Swiss Fr.	2.6475	2.6301	2.5962	2.5459	2.4563
Yen	223.25	221.75	218.69	214.54	207.09

MONEY MARKETS

Rates off the top

LONDON MARKET rates closed off the day's highs yesterday, suggesting that UK bank base rates may have peaked at 13 p.c. The Bank of England responded quickly to market alarm at a record UK current account deficit in October, by signalling a rise of 1 p.c. in base rates.

When revising the London money market credit shortage at noon, the authorities offered lending facilities to the discount houses at 2.30 p.m. at a rate of 13 p.c.

Three-month sterling interbank rose to 13¼-12⅞ p.c. on the rate signal, but settled back to 13-12⅞ p.c. in the afternoon, compared with 12⅜-12¼ p.c. on Thursday.

The Bank of England initially forecast a credit shortage of £450m, but revised this to £600m at noon, and at that time gave help of £618m, buying bank bills in band 1 at 12⅞ p.c. No further assistance was provided in the afternoon.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £968m, with a rise in the note circulation absorbing £375m. These factors outweighed Exchequer transactions adding £800m to liquidity, and bank balances above target of £15m.

At the weekly Treasury bill tender the top accepted rate of discount for 91-day bills rose to 12.6145 p.c. from 11.3717 p.c.

POUND SPOT- FORWARD AGAINST THE POUND

Nov.25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8225 - 1.8460	1.8435 - 1.8445	0.62-0.58pm	3.90	1.55-1.50pm	3.31
Canada	2.1775 - 2.1985	2.1975 - 2.1985	0.47-0.37cpm	2.29	1.05-0.92pm	1.79
Netherlands	3.55 - 3.57¼	3.56¼ - 3.57¼	2-1⅞cpm	6.52	6-5¼pm	6.59
Belgium	65.90 - 66.40	66.25 - 66.35	28-24cpm	4.71	85-77pm	4.89
Denmark	12.15¼ - 12.22½	12.21½ - 12.22½	4¼-3¾orepm	3.81	11⅞-11⅛pm	3.76
Ireland	1.1785 - 1.1875	1.1845 - 1.1855	0.47-0.42cpm	4.51	1.40-1.30pm	4.56
W. Germany	3.13½ - 3.17¼	3.16 - 3.16½	1⅞-1¾pfpm	6.88	5¾-5½pm	6.96
Portugal	261.95 - 264.40	263.30 - 264.40	13-32cdis	-1.02	73-162dis	-1.78
Spain	206.45 - 208.10	207.65 - 208.10	5-55cdis	-1.73	par-14dis	-0.13
Italy	2337 - 2354½	2348½ - 2349½	1pm-1liredis	0.51	2pm-1dis	0.26
Norway	11.89 - 11.96	11.95 - 11.96	1⅞-2½oredis	-2.07	4¼-5¼dis	-1.59
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12 month [illegible].

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Nov.25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	1.9335 - 1.9465	1.9335 - 1.9345	0.56-0.54cpm	3.41	1.93-1.89pm	3.95
Belgium	35.90 - 36.10	35.90 - 36.00	5.50-4.50cpm	1.67	21.00-18.00pm	2.17
Denmark	6.61½ - 6.65	6.62½ - 6.63	0.60-0.20orepm	0.72	2.00-1.50pm	1.05
W. Germany	1.7120 - 1.7255	1.7145 - 1.7155	0.58-0.55pfpm	3.95	1.88-1.84pm	4.34
Portugal	143 - 143¾	143 - 143¾	40-70cdis	-4.60	125-200dis	-4.53
Spain	112.50 - 113.10	112.60 - 112.70	17-27cdis	-2.34	74-84dis	-2.80
Italy	1272¾ - 1280½	1273¾ - 1274¼	2.80-3.30liredis	-2.87	8.00-8.70dis	-2.62
Norway	6.47¼ - 6.49¼	6.48 - 6.48½	2.30-2.70oredis	-4.62	6.10-6.60dis	-3.92
France	5.86 - 5.89½	5.86 - 5.86½	0.37-0.32cpm	0.71	1.60-1.45pm	1.04
Sweden	5.98½ - 6.02¼	5.99¾ - 6.00¼	0.80-0.95oredis	-1.75	1.80-2.10dis	-1.30
Japan	120.90 - 121.45	121.00 - 121.10	0.46-0.43ypm	4.41	1.50-1.47pm	4.91
Austria	12.07 - 12.10½	12.07½ - 12.08	4.00-2.00gropm	2.98	13.00-9.00pm	3.64
Switzerland	1.4340 - 1.4440	1.4355 - 1.4365	0.50-0.47cpm	4.06	1.65-1.60pm	4.53

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 36.10-36.20.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Nov.25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4315	+2.29	+0.76	±1.5344
Danish Krone	7.85212	7.99404	+1.81	+0.28	±1.5404
German D-Mark	2.05853	2.07291	+0.70	-0.83	±1.0981
French Franc	6.90403	7.08388	+2.61	+1.08	±1.3674
Dutch Guilder	2.31943	2.33802	+0.80	-0.73	±1.5012
Irish Punt	0.768411	0.775773	+0.96	-0.57	±1.6684
Italian Lira	1483.58	1539.82	+3.79	+2.87	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Nov.25	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	12⅝-12⅜	12⅝-12½	12⅞-12¾	13-12⅞	12⅞-12⅞	12⅞-12¾
US Dollar	8⅝-8½	8⅝-8½	8¾-8⅝	9⅛-9	9⅜-9¼	9⅝-9½
Can. Dollar	10-9⅝	10-9⅝	10⅛-9⅞	10⅜-10⅛	11-10¾	11⅛-10⅞
D. Guilder	5⅛-4⅞	5⅛-4⅞	5¼-5⅛	5⅝-5½	5¾-5⅝	5⅞-5¾
Sw. Franc	5⅛-5	5-4⅞	4⅞-4¾	4⅞-4¾	4⅞-4¾	4⅞-4¾
Deutschmark	4⅝-4½	4⅝-4½	4⅞-4¾	5⅛-4⅞	5⅛-5	5⅜-5¼
Fr. Franc	7⅝-7⅜	7⅞-7¾	8-7⅞	8⅝-8½	8⅞-8¾	8⅞-8¾
Italian Lire	12-10	12⅛-11⅛	12-11½	12⅛-11⅞	12⅛-11⅞	12⅛-11⅞
B. Fr. (Fin)	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅜-7⅜	7⅜-7⅜	7⅝-7½
B. Fr. (Con)	7⅛-7	7⅛-7	7⅛-7	7⅜-7⅜	7⅜-7⅜	7⅝-7½
Yen	3⅝-3½	4⅛-4	4⅛-4	4⅜-4⅜	4⅜-4⅜	4⅜-4⅜
D. Krone	7¾-7⅝	7⅞-7⅝	8-7¾	8½-8	8⅝-8¼	8⅞-8½
Asian $Sing	8⅞-8⅞	8⅞-8⅞	8⅞-8¾	9⅛-9⅛	9⅜-9⅜	9⅝-9½

Long term Eurodollars: two years 9¾-9½ per cent; three years 9⅞-9⅝ per cent; four years 9⅞-9⅝ per cent; five years 10-9¾ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov.25	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.844	3.163	223.3	10.810	2.648	3.568	2349.	2.198	66.30
$	0.542	1	1.715	121.1	5.862	1.436	1.935	1274	1.192	35.95
DM	0.316	0.583	1	70.60	3.418	0.837	1.128	742.6	0.695	20.96
YEN	4.478	8.258	14.16	1000.	48.41	11.86	15.98	10519	9.843	296.9
F Fr.	0.925	1.706	2.926	206.6	10.	2.450	3.301	2173	2.033	61.33
S Fr.	0.378	0.696	1.194	84.33	4.082	1	1.347	887.1	0.830	25.04
H Fl.	0.280	0.517	0.886	62.58	3.030	0.742	1	658.4	0.616	18.58
Lira	0.426	0.785	1.347	95.06	4.602	1.127	1.519	1000.	0.936	28.22
C $	0.455	0.839	1.439	101.6	4.918	1.205	1.623	1069	1	30.16
B Fr.	1.508	2.781	4.771	336.8	16.30	3.994	5.382	3543	3.315	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.25) 3 months US dollars		6 months US Dollars	
bid 9⅛	offer 9¼	bid 9⅛	offer 9⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9½-¼
Fed.funds	8¼-⅛
Fed.funds at intervention	8⅛

Treasury Bills and Bonds

One month	7.87	Three year	9.04
Two month	7.75	Four year	9.07
Three month	8.33	Five year	9.08
Six month	8.59	Seven year	9.14
One year	8.75	10-year	9.17
Two year	9.00	30-year	9.19

Nov.25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.35-4.65	4.55-4.65	4.75-4.90	4.75-4.90	4.80-4.95	5.00
Paris	7⅞-7⅞	7⅞-8	8-8⅛	8⅛-8⅛	8⅛-8⅜	7.25
Zurich	4⅛-4⅛	4⅝-4⅝	-	4⅝-4⅝	-	-
Amsterdam	4.95-5.06	5.20-5.30	-	5.27-5.37	-	-
Tokyo	3.71875	4.53125	-	4.40625	-	-
Milan	10½-11¼	11½-12¼	-	11½-12	-	-
Brussels	7.25	7⅛-7⅜	-	7⅜-7⅜	-	-
Dublin	6⅞-7⅛	7½-7¾	7⅝-7⅞	7⅝-8	8⅛-8⅜	-

LONDON MONEY RATES

Nov.25	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14	12⅝	12⅞	13⅛	12⅞	12⅞
Interbank Bid	11	12½	12¾	12⅞	12¾	12⅞
Sterling CDs	-	-	11⅞	12¾	12⅞	12⅞
Local Authority Deps.	11	11½	11⅞	12¾	12¾	12⅞
Local Authority Bonds	-	-	12¼	12½	12⅝	12⅝
Discount Mkt. Deps.	12¼	11⅞	11⅝	11⅞	-	-
Company Deposits	-	-	11⅞	12⅞	12⅞	12¼
Finance House Deposits	-	-	12⅞	13	12⅞	12⅞
Treasury Bills (Buy)	-	-	11⅞	11⅞	-	-
Bank Bills (Buy)	-	-	11⅞	11⅞	11⅞	-
Fine Trade Bills (Buy)	-	-	12⅞	12⅞	12⅞	-
Dollar CDs	-	-	8.60-8.55	9.25-9.20	9.25-9.20	9.35-9.30
SDR Linked Dep Offer	-	-	7⅝	7½	7⅞	7⅝
SDR Linked Dep Bid	-	-	7	7⅜	7⅜	7⅜
ECU Linked Dep Offer	-	-	7⅝	7⅞	7⅞	7⅞
ECU Linked Dep Bid	-	-	7½	7⅞	7⅞	7⅞

Treasury Bills (sell): one-month 11⅞ per cent; three months 11⅞ per cent; Bank Bills (sell): one-month 11⅝ per cent; three months 11⅞ per cent; Treasury Bills: Average tender rate of discount 12.5769 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day Oct.31, 1988. Agreed rates for period November 26, 1988 to December 25, 1988, Scheme I: 13.07 p.c., Schemes II & III: 13.27 p.c. Reference rate for period October 1, 1988 to October 31, 1988, Scheme IV&V: 12.035 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12½ from November 1, 1988: Bank Deposit Rates for sums at seven days notice 3.75 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 7 per cent from July 5, 1988. Deposits withdrawn for cash 5 per cent.

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE FT-SE INDEX FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

FT GUIDE TO WORLD CURRENCIES
Every Tuesday in the FT

LONDON TRADED OPTIONS

[illegible]

November 25 Total Contracts 61,135 Calls 35,585 Puts 25,550. FT-SE Index Calls 14182 Puts 8490. *Underlying security price.

WORLD STOCK MARKETS

NEW YORK (3 pm)

[illegible]

CANADA (3 pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

ITALY (continued)

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

JAPAN

[illegible]

INDICES

NEW YORK — DOW JONES

	Nov 23	Nov 22	Nov 21	Nov 18	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2092.28	2077.70	2065.97	2062.41	2183.50 (21/10)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.26	89.19	89.41	89.64	91.25 (3/3)	86.12 (4/1)	–	–
Transport	919.48	897.92	897.32	896.71	938.33 (25/10)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	182.67	182.67	182.25	181.72	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2103.49 (2086.77) Low 2071.48 (2052.63)

STANDARD AND POOR'S	Nov 23	Nov 22	Nov 21	Nov 18	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite ‡	269.00	267.21	266.26	266.47	282.88 (20/10)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	309.45	307.55	306.14	306.36	327.53 (24/10)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	24.57	24.43	24.38	24.49	26.42 (20/10)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	151.41	150.55	150.10	150.18	159.01 (20/10)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	290.09	288.22	286.17	286.67	309.33 (10/6)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	367.76	365.36	367.18	367.58	394.77 (18/7)	331.97 (12/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Nov 18	Nov 11	Oct 21	year ago (approx.)
Dow Industrial Div. Yield	3.83	3.81	3.54	3.58

	Nov 16	Nov 9	Nov 2	year ago (approx.)
S & P Industrial div. yield	3.32	3.19	3.09	3.31
S & P Indl. P/E ratio	12.13	12.60	13.52	16.39

TRADING ACTIVITY †Volume Millions

	Nov 23	Nov 22	Nov 21
New York	112.010	127.000	120.896
Amex	7.683	9.705	7.940
OTC	103.662	117.084	111.930

NEW YORK	Nov 23	Nov 22	Nov 21
Issues Traded	1,913	1,946	1,954
Rises	882	713	552
Falls	517	700	920
Unchanged	514	533	482
New Highs	31	27	25
New Lows	32	53	66

CANADA

TORONTO	Nov 24	Nov 23	Nov 22	Nov 21	1988 High	1988 Low
Metals & Minerals	2896.2	2848.9	2821.5	2836.8	3226.5 (5/7)	2238.7 (8/2)
Composite	3365.0	3346.1	3258.7	3265.4	3465.4 (5/7)	2977.9 (8/2)
MONTREAL Portfolio	1619.85	1610.24	1617.06	1619.85	1723.71 (5/7)	1305.06 (27/1)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Northeast Util	4,169,400	20⅛	+ ⅛
AT&T	3,212,300	29¼	+ ⅜
Texas Util	2,619,700	28⅝	+ ½
RJR Nabisco	1,960,800	86⅞	+ 1⅝
Interco	1,241,400	67⅞	+ 3
Glaxo Holdings	1,061,600	20⅛	+ ⅛
General Electric	1,021,400	44⅛	+ ⅜
Pillsbury	998,900	57	+ 1⅛
General Motors	995,500	82¼	+ ⅞
Phelps Dodge	855,200	49⅛	+ 2⅝

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. Thursday Nov 24: New York closed. (u) Unavailable.

	Nov. 25	Nov. 24	Nov. 23	Nov. 22	1988 High	1988 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1506.0	1498.9	1490.7	1478.4	1657.8 (9/8)	1170.7 (10/2)
All Mining (1/1/80)	703.1	700.2	698.6	685.8	847.8 (9/8)	532.4 (10/2)
AUSTRIA						
Credit Aktien (30/12/84)	221.70	222.80	224.90	225.30	225.48 (4/11)	163.98 (11/2)
BELGIUM						
Brussels SE (1/1/84)	5388.70	5393.00	5367.00	5360.10	5393.00 (24/11)	3608.35(4/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	248.30	247.78	245.77	248.30 (24/11)	180.68 (4/2)
FINLAND						
Unitas General (1975)	739.7	736.2	731.0	728.1	772.1 (8/8)	530.6 (15/1)
FRANCE						
CAC General (31/12/82)	393.5	393.1	391.1	388.7	397.2 (9/11)	251.3 (29/1)
Ind. Tendance(31/12/87)	151.5	151.1	149.9	149.0	153.4 (4/11)	89.7 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	527.74	529.51	530.35	527.27	542.21 (27/10)	396.40 (29/1)
Commerzbank (1/12/53)	1588.4	1594.6	1597.6	1587.6	1641.60(27/10)	1207.9 (29/1)
DAX (30/12/87)	1275.41	1279.23	1280.87	1277.40	1314.98 (28/10)	951.18 (28/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2656.08	2666.02	2638.65	2598.78	2772.53 (12/7)	2223.56 (8/2)
ITALY						
Banca Com. Ital. (1972)	580.21	580.85	579.64	575.56	593.43 (9/11)	423.91 (9/2)
JAPAN**						
Nikkei (16/5/49)	29406.65	29340.03		(c) 29430.12	29430.12 (22/11)	21217.04 (4/1)
Tokyo SE (Topix) (4/1/68)	2275.41	2273.51	(c)	2278.83	2278.83 (22/11)	1690.44 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	272.9	273.3†	272.0	269.7	285.8 (26/10)	205.7 (4/1)
ANP-CBS Industrial (1970)	241.0	240.7†	238.8	235.3	252.6 (31/10)	157.9 (11/1)
NORWAY						
Oslo SE (4/1/83)	419.49	417.96	418.86	411.45	423.64 (21/7)	327.78 (28/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1010.94	1012.19	1008.24	999.52	1177.87 (8/8)	833.60(4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1283.0‡	1278.0	1285.0	1290.0	1451.0 (7/7)	1154.0 (4/5)
JSE Industrial (28/9/78)	1839.0‡	1839.0	1838.0	1840.0	1869.0 (2/11)	1387.0 (12/2)
SPAIN						
Madrid SE (30/12/85)	283.77	282.52	282.00	282.52	301.63 (15/6)	225.50 (4/1)
SWEDEN						
Jacobson & P. (31/12/56)	3199.60	3234.40	3240.50	3216.20	3267.33 (4/11)	2148.5 (4/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	580.2	576.1	565.6	561.1	582.3 (21/10)	466.6 (13/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	491.1	489.8	487.0	491.1 (24/11)	401.0 (21/1)

**Saturday Nov. 19: Japan Nikkei (c) and TSE (c)

‡ Subject to official recalculation. †Correction.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

WORLD STOCK MARKETS

AMERICA

Fears of surge in oil prices knock wind out of Dow

Wall Street

EQUITIES slumped in extremely low volume yesterday in reaction to expectations that the Organisation of Petroleum Exporting Countries was on the verge of reaching an agreement limiting oil production, *writes Janet Bush in New York.*

At 1.30 pm, the Dow Jones Industrial Average stood 22.40 lower at 2,069.88. Volume was very low with only 51m shares changing hands by midsession as many traders took Friday off as part of Thanksgiving festivities.

The Treasury bond market also slumped on concern that the inflationary outlook would worsen if crude oil prices rose. At midsession, bond prices stood ¾ point lower taking the yield on the Treasury's benchmark long bond to 9.18 per cent.

Both markets were also undermined by continued weakness in the dollar, which slumped to lows of Y120.70 – just above the Y120.50 intraday, post-war record low – and DM1.7090 before recovering somewhat to be quoted at Y121.15 and DM1.7155 at a quiet New York midsession.

The New York Mercantile Exchange remained closed, so there was no US trading in crude oil futures, but Brent crude was up $1.55 to $1.65 a barrel on expectations of an Opec agreement. The Algerian oil minister said yesterday that Opec was determined to push crude prices up to $18 a barrel very quickly.

The fall in the equity market appeared to have been exaggerated by the thinness of trading conditions. The market dropped sharply as soon as the market opened because of a wave of stock index arbitrage as stock index futures opened at a large discount to the cash market.

The outlook on oil prices particularly affected oil and airline stocks. Among oil issues, Chevron added $¾ to $45, Mobil was up $⅝ at $43¼ and Atlantic Richfield gained $1¼ to $78¾.

Airline stocks, which had surged on Wednesday as the Opec talks appeared to get stuck, lost some of those gains. UAL, which added $5¼ on Wednesday, fell $1¼ to $104, NWA dropped $¾ to $54⅞ and AMR slipped $⅝ to $49⅞.

Among featured individual stocks was Hilton Hotels, which added $⅞ to $48¼ after news that Mr Barron Hilton, chairman and president, had reached a tentative agreement with the Conrad N Hilton Foundation in a dispute over a 27.4 per cent stake that his late father had left to the foundation.

San Diego Gas & Electric added $1¼ to $38⅝ after news that it had received a sweetened offer from SCEcorp, which wants to acquire the company through a stock swap. SCEcorp, which dropped $⅛ to $32¾, is offering 1.3 of its common shares for each San Diego share, up from the 1.225 shares previously offered.

DOC Optics added $1¼ to $10½ in over-the-counter trading after saying it had accepted a $12-a-share offer from Wesray Capital, bettering a $10.50-a-share restructuring offer from its own management.

Canada

WORRIES about the US and Canadian budget deficits hit industrial stocks, pulling the broader Toronto market lower. Gold issues, however, gained as the bullion price rose.

The composite index fell 11.6 to 3,253.5 on volume of 11.6m shares. Among gold stocks, Corona gained C$⅜ to C$8⅞ and Placer Dome added C$¼ to C$16⅞.

SOUTH AFRICA

A STRONG bullion price prompted a slight rise in gold shares in Johannesburg yesterday. Good foreign demand was reported for Vaal Reefs, which closed unchanged at R255, and Southvaal, which moved up R1 to R110.50.

US election unsettles Paris after powerful autumn

FRANCE'S stock market has appeared to be much more worried by the election of a right-wing president in the US than by the re-election of the socialist Mr François Mitterrand on its home turf. After an almost unbroken rise throughout September and October, the bourse has tailed off in the last few weeks.

The new trading account, beginning on Wednesday, hardly started with a bang. Volumes would have looked even more feeble had it not been for a 325,000 share putthrough in the Simco property group, not usually one of the more actively traded stocks on the Paris market.

There have been some promising signs, however, after a year of distinctly depressing trading volumes which have shown up in brokers' earnings. In October, according to official stock exchange statistics, equity turnover climbed 20 per cent to an average of FFr2.53bn ($432m) a day, the best level so far this year and, with the exception of October 1987, the month of the crash, the best for two years.

For months the market has been driven by special situations, especially the 21 cash takeover bids so far this year worth around FFr31bn and a further 13 paper offers valued at FFr10.6bn. In addition, PF Publications, the mergers and acquisitions analyst, counts 48 "cessions de bloc de controle" – the French stock market mechanism which obliges the buyer of a controlling stake in a company to support the price in the market – valued at a total of FFr8bn.

It has not always been easy to keep ahead of the game. French stockbrokers regularly circulate lists of "opéables", companies viewed as vulnerable to an "offre publique d'achat" (OPA) or takeover bid. However, although Epeda, the car components manufacturer and the latest victim of a hostile bid, featured on many of these lists, Valeo, the predator, cannot really be said to have signalled its hand before bidding.

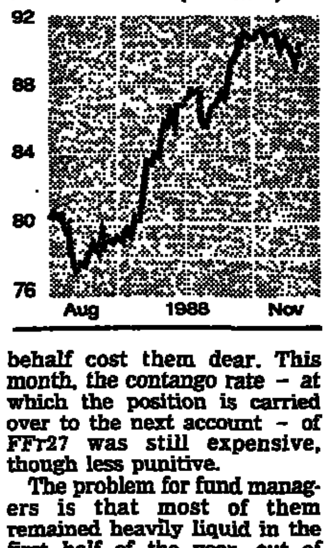
The case of Société Générale, the largest privatised bank which is now "in play", is scarcely more comforting for the punter. Mr Georges Pebereau, an unwelcome raider in the view of Société Générale's management though a friendly long-term investor in his own estimation, has contradicted himself so much that uninitiated investors do not know what to make of it.

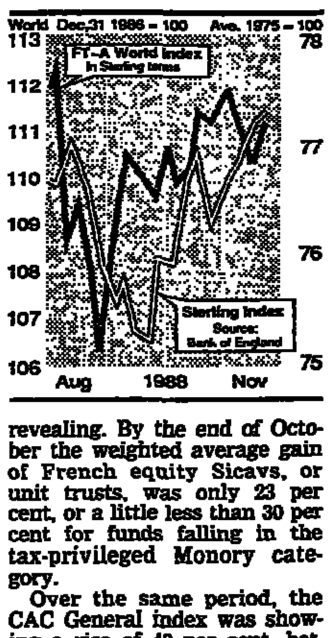
French punters who had sold Société Générale short in the October trading account were badly hurt. Many failed to cover themselves, attempting to dodge the rules, and the mandatory purchase of shares by the stock exchange on their behalf cost them dear. This month, the contango rate – at which the position is carried over to the next account – of FFr27 was still expensive, though less punitive.

The problem for fund managers is that most of them remained heavily liquid in the first half of the year, out of caution after the October 1987 crash. They therefore missed out on much of the market rise and have been desperate to catch up by rushing into every speculative stock.

France

FT–A World Index (in £ terms)





A glance at the mutual fund performance figures calculated by TGF and Banque Paribas is revealing. By the end of October the weighted average gain of French equity Sicavs, or unit trusts, was only 23 per cent, or a little less than 30 per cent for funds falling in the tax-privileged Monory category.

Over the same period, the CAC General index was showing a rise of 40 per cent, bettered by only two funds.

French fund managers, however, remain relatively under-invested – partly because they have not had many fresh equity calls on their cash – and strong liquidity is expected to continue to underpin the market.

Bacot-Allain/Warburg estimates in its monthly French stock market report that the supply of fresh equity this year in the form of rights issues, privatisations and flotations will have plunged to FFr24bn, a fifth of 1987's level. It also estimates available domestic liquidity will have risen by 11 per cent to FFr122.5bn, with corporate stakebuilding more than compensating for a decline in small shareholder and institutional purchases. For 1989 it forecasts a pick-up in cash calls and a decline in corporate stakebuilding, leading to a more even balance, but still with a liquidity surplus.

Calls on the market have started to pick up again, with St Gobain, the privatised glass group, seeking FFr3.3bn in the first big "plain vanilla" rights issue since last year's crash. Other companies, such as food and drink producer BSN, have stuck to the technique of bonds with warrants which has proved successful so far this year. The technique worked again, and the issue had to be increased in size to FFr1.7bn.

At the same time, earnings reports continue to come through in line with or ahead of forecast. Bacot-Allain/Warburg is expecting another 13 per cent increase in average earnings per share in 1989, after a 25 per cent gain this year, and sees the CAC General Index reaching 425 within six months, even if it weakens slightly in the shorter term.

The current star performer on the Paris bourse, however, is Eurotunnel.

Paris appears to have been making the running on Eurotunnel, which is also traded in London, and London market makers have been gently selling into French demand. Few brokers believe there is any fundamental movement to justify the upturn, though some have put out notes suggesting it will be worth FFr240 by 1995, a compound rate of return of over 25 per cent from Thursday's closing price.

It is the sort of stock, however, that is so difficult to evaluate, until the opening of the tunnel in 1993, that investors are unwilling to sell in case they have guessed wrongly.

George Graham

EUROPE

Steep falls in Brussels close lively week on continent

A LIVELY week for European bourses ended on a quieter, bearish note as the UK trade figures depressed sentiment in most markets, although Brussels trading was enlivened by restructuring at Société Générale de Belgique subsidiaries, *writes Our Markets Staff.*

BRUSSELS saw spectacular falls in Fabrique Nationale and Gechem, which resumed trading after being suspended for details of the rescue operation planned by their parent, Société Générale de Belgique.

FN, the arms manufacturer, plunged BFr132, or just under 14 per cent, to BFr820 on 26,500 shares, and Gechem, the chemicals company, tumbled BFr310, or nearly 26 per cent, to BFr890 on 68,200 shares. The operation means existing minority shareholders will see their stakes severely diluted, said one London analyst.

The reaction had been expected and did not depress the wider market, which ended mixed with the cash index off 4.3 at 5,388.7.

AMSTERDAM had a roller-coaster day as shares opened firmer, then fell on news of the UK trade figures and Wall Street's weak opening, before recovering on good corporate news and higher oil prices. By the close the CBS all-share index was down 0.5 at 97.7.

Two stocks reached 1988 highs during the day. Storage group Pakhoed advanced Fl 4.50 to Fl 97 after revising its forecast for 1988 profit growth to 50 per cent from 40 per cent, while foods firm Nutricia saw its shares peak at Fl 249 in reaction to analysts raising their profit forecasts – although late profit-taking pulled the shares back to Fl 243.50, up Fl 6.50 on the day.

PARIS had another quiet day, easing at the close following Wall Street's early losses. The rise in UK interest rates and news of faster third quarter growth in France raised concern about pressure on domestic interest rates. The OMF 50 index was off 4.43 at 403.39 while the opening CAC General edged up 0.4 to 393.5.

Among firmer oil shares Elf Aquitaine rose FFr7 to FFr357 on signs that Opec was close to an output agreement.

Aluminium group Pechiney, which yesterday signed a FFr1bn contract to develop a Soviet packaging company, gained FFr11.20 to FFr292 in heavy volume.

MILAN closed weaker, but above the day's lows, as news that Fiat Auto managing director Mr Vittorio Ghidella is to resign dampened sentiment. By the close the Comit index was 0.64 easier at 580.21.

The announcement of Mr Ghidella's resignation caught the market by surprise, and Fiat fell L90 to L9,800 at the close.

Italcable, the group that runs Italy's overseas telephone network, recovered well from recent weakness to rise in good demand, ending up L500 at L13,500.

FRANKFURT saw shares close lower in thin trade as the weak dollar and poor UK trade figures intensified the market's bearish mood. At midsession the FAZ index was 1.7 easier at 527.74, while by the close the DAX index had dropped 5.46 to 1,275.41 on turnover worth DM1.7bn.

Among the few stocks to buck the trend were chemical group Bayer, up 10 pfg at DM295.90 on increased analysts' profit forecasts and steel maker Metallgesellschaft, up 50 pfg to DM340.50 on increased dividend news.

MADRID traded quietly with only strong demand for construction stocks enlivening a dull day as the general index closed up 1.25 at 283.77.

Among buoyant construction stocks Focsa and Cubiertas were heavily bought, mostly by local and UK investors. Cubiertas climbed 40 points to a new annual high of 990 per cent of par, and Focsa closed 90 points better at 1,810 per cent of par.

ZURICH quietened down a little after a turbulent week as the selling pressure dried up. The Crédit Suisse index finished up 2.7 at 504.5.

Nestlé registered stock rose SFr115 to SFr6,185, slightly closing the continuing gap with the bearers, up SFr50 at SFr7,000.

Adia, which has been strong this week because foreigners are already allowed to hold both classes of shares, saw its bearers add a further SFr70 to SFr9,150.

STOCKHOLM turned down at the end of a busy week, with London's sharp falls yesterday and a lack of direction from Wall Street on Thursday keeping investors away.

The Affärsvärlden General index lost 12.1 to 946.5 in low volume of SKr240m.

Astra, the pharmaceuticals stock seen as the biggest beneficiary from the tax reform plans, saw its A frees rise SKr5 to SKr221 and its B frees add SKr1 to SKr360.

OSLO rose as hopes for an Opec production agreement grew, boosting the industry and oil sectors. The all-share index edged up 0.75 to 304.14. Saga Petroleum fell from its day's highs after news that its board had blocked a bid by Total of France to raise its stake from 5 per cent to 35 per cent. Saga closed NKr5.50 up at NKr93.50.

ASIA PACIFIC

Export-related issues lead Nikkei higher

Tokyo

SELLING pressure continued yesterday, but new themes sparked some interest and share prices closed higher on moderate volume, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average fluctuated throughout the day, before closing 66.62 better at 29,406.65. At 940m shares, volume was only slighter higher than Thursday's 920m. The TOPIX index of all listed shares also rose 1.90 to 2,275.41 while Japanese shares sank back in London trading, with the ISE/Nikkei 50 off 8.82 at 1,859.52.

In spite the rise in Tokyo's market indices, the general feeling was that the market was still going through a technical correction. Mr Jonathan McClure at Schroder Securities said that after such a long stretch of gains "the market is entitled to a little bit of a rest."

The possibility that Opec might reach a consensus on production quotas which could send oil prices shooting up put pressure on the bond market, as did a slightly firmer dollar against the yen.

Yesterday's weakness in the equity market, however, appeared to be mainly due to end-of-month sales by professionals. There was profit-taking on issues that had made good gains in the past few days, and buying interest shifted to previously neglected export-dependent issues and to stocks with particular incentives.

The strength of the dollar may have helped electricals, which rely strongly on exports. Rumours that US pension funds were buying also focused interest on that sector.

Sony again featured. Speculation on Thursday that the company was interested in buying MGM/UA, the US film maker and distributor – a rumour reinforced by a newspaper report on the subject – sent its shares up Y380 to Y6,600. Investors recalled how Sony's acquisition of CBS Records last year led to a share surge.

Among other electricals, Pioneer Electronic advanced Y190 to Y3,100 and Victor and Hitachi both rose Y50 to Y1,910 and Y1,540 respectively. Sanyo Electric, seen as an underperformer, gained Y23 to Y756 in heavy trading.

Nippon Telegraph and Telephone, the telecommunications giant, rose Y20,000 to Y1.9m in spite of the announcement of dismal earnings this quarter. Analysts said the rise could partly be explained by the overall strength in electricals.

Trading in Osaka featured electricals and speculative stocks but selling pressure elsewhere led the OSE average down 5.81 to 27,167.13.

Roundup

DOMESTIC concerns dominated trading in Asia Pacific markets, although only Australia reported gains as profit-taking hit the other exchanges and Taiwan experienced its worst ever fall.

AUSTRALIA was subdued on the lack of an overnight lead from Wall Street, but the continued rise in the price of gold and metals – especially copper – and some options-related demand helped shares close higher in light volume. The All Ordinaries index rose 7.1 to 1,506.0.

ANZ Bank featured strongly after producing annual profits of A$505.4m, up 31 per cent and better than the market expected. It gained 14 cents to A$5.50 as 2.3m shares changed hands.

HONG KONG ended a buoyant week of hectic gains on a low note as profit-taking set in. The Hang Seng index fell 9.94 to 2,656.08, but turnover remained high.

The property sector, which had led the market higher all week, suffered, with Hongkong Land and Hongkong Wharf both off 5 cents at HK$6.25 and HK$8.50 respectively.

Trading in Hongkong-TVB and its recently floated television arm, TVB, was suspended amid further speculation that Mr Alan Bond had sold his 30 per cent stake in the two groups. It was said that Mr Bond had found a buyer for his holding, possibly Mr Robert Kwok, the Singapore entrepreneur said to have offered HK$15.90 a share for the Bond stake.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of stocks per grouping	THURSDAY NOVEMBER 24 1988 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	WEDNESDAY NOVEMBER 23 1988 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1988 High	1988 Low	Year ago (approx)
Australia (91)	148.53	+0.8	119.97	113.60	4.63	147.34	118.88	112.80	152.91	91.36	99.69
Austria (17)	99.45	-0.5	80.33	88.62	2.43	100.00	80.68	89.14	110.00	83.72	92.45
Belgium (63)	135.35	+0.7	109.32	120.66	4.19	134.40	108.44	119.98	139.89	99.14	102.38
Canada (125)	119.88	+0.7	96.83	103.86	3.36	119.01	96.02	103.33	129.91	107.06	106.29
Denmark (39)	153.98	-0.6	124.37	138.48	2.16	153.92	124.19	138.80	153.98	111.42	111.57
Finland (26)	132.66	+1.4	107.16	113.51	1.48	130.84	105.57	112.17	139.53	106.78	–
France (130)	112.05	+0.4	90.51	103.09	3.15	111.44	89.91	102.52	132.05	72.77	86.36
West Germany (102)	88.10	-0.1	71.16	78.55	2.37	88.21	71.17	78.70	88.21	67.78	75.99
Hong Kong (46)	109.65	+1.2	88.49	109.83	4.70	108.29	87.37	108.58	111.86	84.90	84.58
Ireland (18)	134.70	+0.1	108.80	121.78	4.09	134.58	107.54	120.77	144.25	104.60	103.24
Italy (98)	86.46	+0.1	69.84	82.39	2.45	86.34	69.66	82.21	86.73	62.99	79.74
Japan (456)	190.73	+0.1	154.07	145.77	0.51	190.54	153.74	146.14	190.73	133.61	141.36
Malaysia (36)	142.62	+0.8	115.20	145.70	2.95	141.47	114.15	143.84	154.17	107.83	102.33
Mexico (13)	176.62	+1.7	142.66	441.43	1.16	173.64	140.10	434.17	180.07	90.07	132.53
Netherland (38)	110.42	+0.4	89.19	97.47	5.06	110.02	88.77	97.10	111.00	95.23	96.14
New Zealand (25)	71.83	+0.5	58.02	58.39	6.76	71.50	57.69	58.24	84.05	64.42	79.72
Norway (25)	125.06	-0.1	101.01	110.03	2.64	125.22	101.03	110.26	125.33	98.55	105.47
Singapore (26)	121.25	+0.8	97.93	108.45	2.50	120.25	97.03	107.68	135.89	97.99	96.91
South Africa (60)	121.51	+2.8	98.15	94.52	4.87	118.19	95.36	94.81	139.07	98.26	136.89
Spain (43)	153.29	+0.1	123.82	130.70	3.13	153.19	123.59	130.78	164.47	130.73	120.13
Sweden (35)	137.05	-0.3	110.70	121.48	2.35	137.43	110.89	122.07	137.43	96.92	99.75
Switzerland (57)	80.28	+2.3	64.84	71.52	2.37	78.44	63.29	69.98	86.75	74.13	82.47
United Kingdom (318)	141.02	-0.3	113.91	113.91	4.40	141.42	114.17	114.17	141.51	126.62	121.33
USA (577)	109.70	+0.0	88.61	109.70	3.71	109.70	88.51	109.70	115.55	99.19	99.50
Europe (1008)	116.61	+0.1	94.19	99.86	3.71	116.53	94.02	99.78	116.61	97.01	99.42
Pacific Basin (680)	185.75	+0.1	150.03	142.89	0.73	185.47	149.65	143.18	185.75	130.81	137.61
Euro-Pacific (1688)	158.08	+0.1	127.69	125.79	1.62	157.89	127.39	125.94	158.08	120.36	122.36
North America (702)	110.23	+0.0	89.04	109.36	3.69	110.18	88.90	109.32	116.07	99.78	99.86
Europe Ex. UK (690)	101.29	+0.4	81.82	91.29	2.98	100.89	81.41	90.98	101.29	80.27	85.83
Pacific Ex. Japan (224)	125.98	+0.9	101.76	106.50	4.61	124.88	100.76	105.62	128.27	87.51	92.25
World Ex. US (1886)	156.39	+0.2	126.32	124.88	1.69	156.14	125.98	125.01	156.39	120.26	121.97
World Ex. UK (2145)	138.28	+0.1	111.69	120.36	2.06	138.06	111.39	120.43	138.28	111.77	112.49
World Ex. So. Af. (2403)	138.61	+0.1	111.96	119.91	2.28	138.47	111.72	120.00	138.61	113.26	113.11
World Ex. Japan (2007)	113.35	+0.1	91.56	106.09	3.75	113.22	91.35	106.00	115.54	100.00	99.81
The World Index (2463)	138.50	+0.1	111.87	119.74	2.29	138.35	111.62	119.83	138.50	113.37	113.26

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

USA market closed November 24.

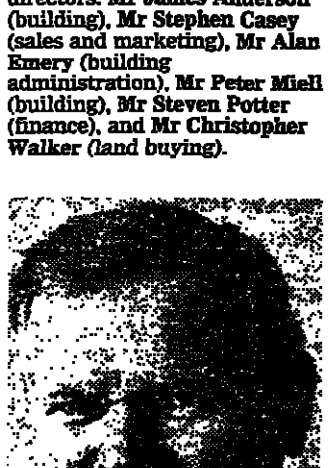
Latest prices were unavailable for this edition.

APPOINTMENTS

■ THE MITSUBISHI BANK, London branch, has appointed Mr Melville Haggard as head of special finance. He joins from Westpac Banking Corporation.

■ Mr Colin Maltby, chief executive, Kleinwort Benson Investment Management, joins the KLEINWORT BENSON GROUP BOARD on January 1. Mr Clive Crook retires from the board on December 31.

■ FAIRVIEW NEW HOMES has appointed the following directors: Mr James Anderson (building), Mr Stephen Casey (sales and marketing), Mr Alan Emery (building administration), Mr Peter Miell (building), Mr Steven Potter (finance), and Mr Christopher Walker (land buying).



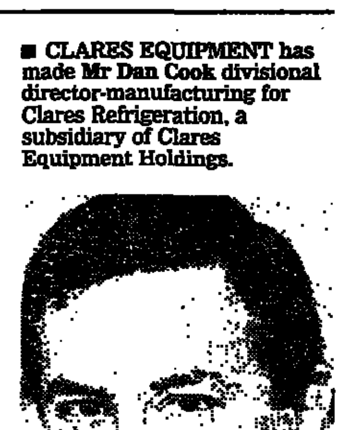
Mr Geoffrey Marshall, group managing director of BALLY in the UK, has been appointed head of a new market region of Bally International, covering the US and Canada, as well as the UK and Ireland. Bally International is based in Zurich.

■ ASSOCIATED FRESH FOODS, the Leeds-based dairy and fresh food processing company, has made Mr Don Angel a non-executive director. He was chairman of Birds Eye Walls.

■ Mr Michael Woodward has joined SIBEC DEVELOPMENTS as director of international finance. He was head of Lloyds Bank commercial service in Manchester. Mr Robert Thompson has joined as director of investor relations. He was an associate director at Herring Son & Daw.

■ Mr Archie Thomas, managing director of ALTOS COMPUTER SYSTEMS UK, has been appointed president of the European operations.

■ CLARES EQUIPMENT has made Mr Dan Cook divisional director-manufacturing for Clares Refrigeration, a subsidiary of Clares Equipment Holdings.



CHUBB ALARMS, part of Racal Electronics Group, has appointed Mr Barry Henley as marketing director. He joins from Thorn Security where he was a regional director.

■ Mr Tim Hobson, Mr Kevin Thompson, Mr Brian Morley and Mr Michael Pallett have been appointed directors of GREENWELL MONTAGU STOCKBROKERS. The appointments follow the acquisition of the private client business of Robert Wigram & Co by Greenwell.

■ Ms Anne V. Higgins has been appointed to the board of CDFC TRUST. She is an associate director of Merchant Navy Investment Management, managers of CDFC Trust.

■ Mr Peter Johnson has joined PROTEUS BIOTECHNOLOGY as a non-executive director. He is senior vice president of Fisons pharmaceutical divisional research and development in Rochester, New York.

■ Mr A.M.J. Wolffsohn has been appointed to the board of PARTRIDGE MUIR & WARREN. He was company secretary.

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
272	185	Ass. Brit. Ind. Ordinary	272	+2	10.3	3.8	7.3
272	186	Ass. Brit. Ind. Cuts	272	-2	10.0	3.7	–
42	25	Armitage and Rhodes	39	–	–	–	–
57	35	BBB Design Group (USM)	35	-2	2.1	5.9	5.6
173	155	Bardon Group	173	–	2.7	1.6	29.6
116	100	Bardon Group Conv. Pref	116	–	6.7	5.8	–
148	103	Bray Technologies	115	–	5.2	5.0	8.4
114	100	Bramhill Conv. Pref	105	–	11.0	10.0	–
286	246	CCL Group Ordinary	285xd	–	12.3	4.3	4.3
170	124	CCL Group 11% Conv. Pref	170	–	14.7	8.6	–
154	130	Carlo Plc (SE)	152xd	–	6.1	4.0	13.2
113	100	Carlo 7.5% Pref (SE)	113	–	10.3	9.1	–
353	147	George Blair	353	–	12.0	3.4	7.8
118	40	Isis Group	118	–	–	–	15.5
118	87	Jackson Group (SE)	112xd	–	3.3	2.9	12.4
287	245	Multihouse NV (AmstSE)	270	-5	–	–	–
117	40	Robert Jenkins	112	–	7.5	6.7	4.2
430	124	Scruttons	408	–	8.0	2.0	37.1
280	184	Torday & Carlisle	278	–	7.0	2.5	23.5
100	100	Torday & Carlisle Conv Pref	100	–	10.7	10.7	–
96	56	Trevian Holdings (USM)	94	–	2.7	2.9	10.1
113	100	Unilock Europe Conv Pref	106	–	8.0	7.4	–
352	350	Veterinary Drug Co. Plc	352	+1	22.0	6.3	9.4
328	203	W.S Yeates	328	+1	16.2	4.9	63.1

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA.

These Securities are dealt in strictly on a matched bargain basis. Neither Granville & Co Limited nor Granville Davies Limited are market makers in these securities.

FT 30	FTSE 100	WALL STREET
Nov. 1457/1466 -33	Nov. 1789/1799 -39	Dec. 2065/2077 -20
Dec. 1462/1471 -34	Dec. 1795/1805 -40	Mar. 2087/2099 -18

Prices taken at 5pm and change is from previous close at 9pm

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in *which no business was recorded* in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Bargain done with non-member or executed in overseas markets.

British Funds, etc
No. of bargains included 1993

Treasury 8½% Stk 1994 "A" – £92⅞ .648438 ⅞ .679688 ⅞ ⅞ .695313 ⅞ ⅞

Corporation and County Stocks
No. of bargains included 5

London County 2½% Cons Stk 1920(or after) – £23
Greater London Council 6¾% Stk 90/92 – £88¾ 9
Birmingham Corp 3% (1902) 1932(or after) – £27 (18No88)
Birmingham District Council 11½% Red Stk 2012 – £110¾ (22No88)
Blackburn Corp 3½% Irrd Stk – £28 (18No88)

UK Public Boards
No. of bargains included 4

Agricultural Mortgage Corp PLC 5½% Deb Stk 93/95 – £80 (18No88)
6¼% Deb Stk 92/94 – £81½ (22No88)
7¼% Deb Stk 91/93 – £86 8½ 9 (22No88)
10¼% Deb Stk 92/95 – £99⅝
Port of London Authority 3½% Stk 49/99 – £50 3⅞ (21No88)
6½% Reg Stk 87/90 – £93 ⅞
Scottish Agric Sec Corp 10¾% Deb Stk 89/91 – £95 (22No88)

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included 3

Hungary (Republic of) 7½% Stlg Bds(Assd Lon 1968 Sett) – £82 (18No88)
Bank of Nova Scotia 15¾% Dep Nts 20/3/89(Br$N1000&5000) – $N99⅝ (18No88)
Barclays Bank PLC 10¾% Senior Subord Bds 1997 – £97 ⅞ (22No88)
Burton Group PLC 4¾% Cnv Bds 2001 (Br£1000&5000) – £103⅝ 4 (21No88)
Eksportfinans AS 7¾% Nts 1996 – $99⅝ (18No88)
English China Clays PLC 6½% Cnv Bds 2003 – £105⅝ (18No88)

Breweries and Distilleries
No. of bargains included 527

Allied-Lyons PLC 5½% Cum Prf £1 – 50
7½% Cum Prf £1 – 72
7¾% Red Deb Stk 88/93 – £87⅞
11¾% Deb Stk 2009 – £113⅞◆
5¼% Uns Ln Stk – £45 8
5¾% Uns Ln Stk – £52 (23No88)
6¼% Uns Ln Stk – £58 (22No88)
7¼% Uns Ln Stk – £70
7¾% Uns Ln Stk 93/98 – £75 84¼ (23No88)
Bass PLC 4% Cum Prf £1 – 38 (18No88)
7% Cum Prf £1 – 67 (21No88)

Shipping
No. of bargains included 182

Bergesen d-y AS "B" Non Vtg Shs NK5 – NK403 (21No88)
London & Overseas Freighters PLC 6 Pfd Ord 25p – 58◆
Peninsular & Oriental Steam Nav Co 5% Cum Pfd Stk – £46 (22No88)
Warrants to purchase Dfd Stk – 135

Utilities
No. of bargains included 37

American Information Techn. Corp Shs of Com Stk $1 – $91⅞◆
Barton Transport PLC Dfd 160p – 650 (22No88)
Jersey Electricity Co Ld "A" Ord £1 – 360 (18No88)
Mersey Docks & Harbour Co 3¾% Red Deb Stk 79/89 – £72 (21No88)
6¾% Red Deb Stk 96/99 – £70 (18No88)
Tollgate Hldgs Ld Ord Shs of NPV – $0.85 (18No88)
US WEST, Inc Shs of Com Stk of NPV – $66⅞◆

Water Works
No. of bargains included 9

Bristol Waterworks Co
– £410 (22No88)
3.5%(Fmly 5%)Max Ord Stk – £420 (23No88)
3.5%(Fmly 5%)Cons Prf Stk – £410 (22No88)
Cambridge Water Co 9¾% Red Deb Stk 92/97 – £89 (22No88)
Chester Waterworks Co 4.2%(Fmly 6% Max)Ord Stk – £825 (23No88)
Colne Valley Water Co 3.5%(Fmly 5%)Ord Stk – £725 (21No88)
2.8%(Fmly 4%)Cons Prf Stk – £600 (23No88)
East Surrey Water Co Ord "C" Stk 3.5%(Fmly 5%)Max – £900◆
4.2%(Fmly 6%)Red Prf Stk 85/90 – £92 (23No88)
East Worcestershire Waterworks Co 8% Red Deb Stk 91/93 – £88 (21No88)
Essex Water Co 10% Deb Stk 92/94 – £97 (23No88)
10½% Deb Stk 94/96 – £97 (18No88)

Yelverton Investments PLC 8% Cnv Uns Ln Stk 1997 – £86 (22No88)
York Trust Group PLC Red Cum Cnv Prf 20p – 87 (21No88)

The Third Market Appendix
No. of bargains included 77

Beckenham Group PLC Warrants to sub for Ord – 26 (23No88)
5% Red Cum Prf £1 – 96 (23No88)
Edinburgh Hibernian PLC Ord ½p – 64 (23No88)
Iberola West PLC Ord Ir£0.10 – I£0.18
Medirace PLC Warrants to sub for Ord – 55½
Whitegate Leisure PLC Ord 20p (Fly Pd) – 13½ 4 (23No88)
Warrants to sub for Ord – 10½ (23No88)
Wilson Group PLC "A" Ord 1p – 8¾ ⅞

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

ACMEX Holdings A$1.176 (18/11)
Applied Magnetics Corp 721 (22/11)
Aust. Oil & Gas A$0.58
Australis Mining 6½
Boral A$3.419 (22/11)
Bukit Sembawang 90e (23/11)
Cadbury Schweppes Australia A$4.06
Central Victorian Gold Mines A$0.079 (21/11)
City Developments S$2.68442.6542.74 (21/11)
Conex Aust 1½
Conwest Exp Class 'A' 375
Coltus Res. 7e12 A$0.199 (22/11)
Denison Mines B 195
Devex A$0.35 (23/11)
Dulker Exploration R11.65
Geometals A$0.49 (23/11)
Great Eastern Mines 2e A$0.047 (22/11)
Haoma North West 2 (21/11)
Highveld Steel & Vanadium $2.1,2.15 R7.65,7¼
Invincible Gold NL Ord 6¼ (22/11)
Kulim Malaysia Ord 24e (23/11)
Kulim Malaysia Ord (Malay Ord) M$1.54,1.55 (21/11)
McCarthy Group R7¼
Mount Carrington Mines A$1.146 (18/11)

Shepherd Neame 635 (23/11)
Sinclair Research 60
Southern Newspapers 405 (23/11)
Thwaites (Daniel) 230,1 (21/11)
Transatlantic Hldgs. Pfd. 330 (18/11)
Weetabix A 400

Splash Products PLC Ord 10p – 87
Total Systems PLC Ord 5p – 54 (23No88)
UTC Group PLC New 4.35% (Net) Red Cnv Prf 1998 £1 – 62 (22No88)
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 – 118 20 1

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LONDON STOCK EXCHANGE

Equities tumble on base rate shock

THE UK equity market *yesterday suffered one of its* worst daily setbacks this year when domestic interest rates were pushed up to 13 per cent in the wake of a UK October trade deficit nearly twice that of the most pessimistic forecasts. The increase in base rates was almost entirely unforeseen by securities dealers, and brought widespread losses in consumer and property issues. The major export shares also suffered harshly as sterling improved behind higher interest rates.

The fall of 38 points took 2 per cent off the FT-SE Index, representing the largest one *day fall since* February 8 this year, when the Index tumbled by 43.3 points, a loss of 2.4 per cent. In Gilts, falls ranged to just over one point.

Account Dealing Dates		
First Dealings:		
Nov 14	Nov 28	Dec 12
Option Declarations:		
Nov 24	Dec 8	Dec 22
Last Dealings:		
Nov 25	Dec 9	Dec 23
Account Day:		
Dec 5	Dec 19	Jan 9

"New time dealings may take place from 8.00 am two business days earlier.

The combination of an October current account deficit of £2.4bn and the new and unexpected level of UK interest rates brought second thoughts on the domestic economy by market analysts.

"We held up our hands in horror," admitted John Whitehouse of Fleming Securities. At Prudential-Bache, John Reynolds and Bill Smith, warned that the danger of a "hard landing" for the economy is now much increased, and that another round of mortgage rate *increases seems inevitable.*

At its worst, the FT-SE Index was down by 50 points with Seaq screen quotations left behind as the authorities twice declared "fast market conditions", indicating that marketmakers were not bound by their quoted prices. Seaq volume bounded to 743.1m shares from recent daily averages around 500m, the total incorporating marketmaker and customer business.

However, a technical rally set in which survived an early fall in New York. At the close, the FT-SE Index had recovered to 1794.7, a net fall of 38.3. Dealers commented that FT-SE 1800 had proved a relative safety net for the market. The net loss on the equity trading Account which ended yesterday was only 8 FT-SE points.

As the dust settled, major securities firms began to measure the new prospects facing the market. Ian Harwood of Warburg Securities commented that the day's events confirm the determination of the UK *Chancellor of the Exchequer to* underpin sterling, but warned that inflation may now be heading towards 7½ per cent, and there is a slight fear of "monetary overkill".

Inevitably, traders cast a wary glance towards the British Steel issue, which enters the market a week on Monday. While the bottom-of-the-range pricing virtually ensures the success of the issue, the £2.5bn issue is likely to prove the last remaining market foray of the year by institutions looking with some dismay at a London equity market now less than four FT-SE points higher than on *last Christmas Eve.*

FINANCIAL TIMES STOCK INDICES

	Nov. 25	Nov. 24	Nov. 23	Nov. 22	Nov. 21	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	87.46	88.00	88.19	88.28	88.33	89.95	91.43 (18/4)	86.26 (2/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.97	97.00	97.04	97.00	96.87	96.46	98.67 (25/5)	94.14 (6/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1462.6	1493.7	1497.4	1487.3	1480.1	1308.2	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	175.7	173.3	168.0	168.0	172.0	320.0	312.5 (7/1)	162.7 (22/9)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.87	4.76	4.75	4.78	4.80	4.73				
Earning Yld %(full)	12.20	11.94	11.90	11.98	12.01	11.70				
P/E Ratio(Net)(*)	9.93	10.14	10.15	10.09	10.07	10.46				
SEAQ Bargains(5pm)	32,373	25,289	24,410	21,457	22,251	16,796				
Equity Turnover(£m)†	-	1176.41	1172.59	1259.45	935.12	897.91				
Equity Bargains†	-	27,421	24,755	24,353	22,729	18,109				
Shares Traded (ml)†	-	498.8	459.4	419.3	317.0	282.6				

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
1494.5	1489.9	1490.5	1475.3	1458.3	1458.1	1459.0	1461.0

DAY'S HIGH 1494.7 DAY'S LOW 1449.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil 9.88 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Nov. 24	Nov. 23
Gilt Edged Bargains	96.0	93.5
Equity Bargains	177.7	180.4
Equity Value	2377.8	2370.1
5-Day average		
Gilt Edged Bargains	95.2	95.6
Equity Bargains	163.3	158.5
Equity Value	2327.3	2271.6

● London Report and latest Share Index: Tel. 0898 123001

Royal Bank beacon

Royal Bank of Scotland was one of only two alpha stocks (the other was Lonrho) showing a rise on the day when the FT-SE 100-share index was at its lowest ebb yesterday. Royal *shares eventually closed* 2 higher at 361p, having touched 369p early on.

Quizzed as to why the Scottish bank's shares had held up so strongly in the face of the wholesale slaughter of prices, dealers pointed to some aggressive marketmaking tactics – *one securities house was said* to be short of the stock and bid the price up for much of the session.

Royal Bank is scheduled to reveal preliminary results next Thursday and dealers and analysts are confident of a good out-turn from the bank. BZW is *forecasting pre-tax profits of* £285m, against last year's £197.2m and a net dividend of 9.2p a share, compared with 8.1p. Kleinwort Benson is going for £290m, with an added rider that the bank can be regarded as a potential takeover stock.

Citicorp Scrimgeour Vickers, which last week issued a 40-page note on the two Scottish banks, rates Royal Bank a "buy". Both Scottish banks, Citicorp says, are "dynamic, flexible, innovative and still prudent. Their ratings are by no means demanding. There is also a reasonably good chance of a bid for the Royal."

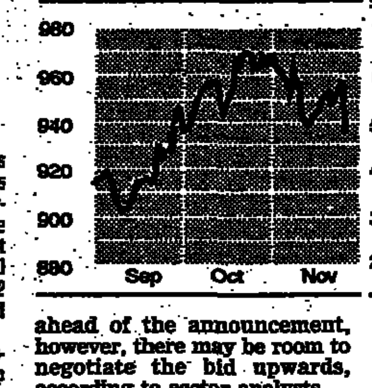
Cash shopping

Analysts described the £269m cash bid for London Shop as "well, if luckily timed", from the point of view of target shareholders. Peel Holdings' offer of 350p cash apiece for London Shop shares came only hours before property shares suffered widespread losses in the face of the unanticipated jump in domestic interest rates.

The attraction of a cash exit price from a nervy market sustained London Shop at 301p. This was barely changed from overnight, when the market was expecting a bid, and was taken as a sign that the market believes a higher price may be negotiated, despite the slide in equities.

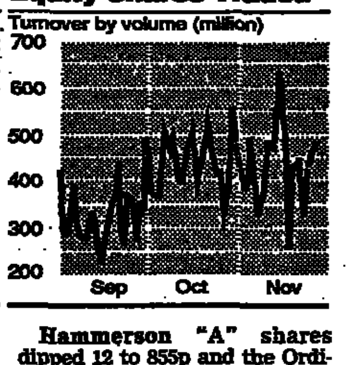
London Shop's portfolio made up mainly of retail and office property is considered an attractive mix. Peel already holds 21.3 per cent of London Shop which is also widely held by institutions. Peel will fund the full acquisition by means of a £121.2m rights issue. A counter-bid is regarded as unlikely. With the market price discounting Peel's terms ahead of the announcement, however, there may be room to negotiate the bid upwards, according to sector analysts.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



International stocks were extremely quiet until 11.30am and then suffered a general markdown which was not accompanied by much selling until the second piece of bad news in the shape of rising interest rates. The fast markets discouraged selling activity, but an attempt to rally found little enthusiasm and leading issues mostly ended the day substantially lower. Glaxo dropped 21 to 1062p and ICI lost 20 to 988p, crashing through the £10 barrier which many analysts had seen as a support level.

Wellcome fell 9 to 449p as dealers noted its high vulnerability to the dollar/sterling exchange rate - some 70 per cent of Wellcome's profits are generated in the US. BOC was steady, falling 4 to 411p on thin trade of 707,000 shares. Fisons also held up well, losing 6 to 240p.

Hanson fell 3 to 149½p; BTR lost 8 to 286p and Rothmans slipped back to 448p, down 16 on the day. BAT Industries shed 7 to 437p.

The sudden appearance of 13 per cent base rates hurt property shares across the full range. Higher rates are likely to slow down property development and to hinder projects where there is undue risk of delay in recouping investment costs.

The sharpest fall came in those stocks which had led the rise of the past fortnight and which had taken the sector close to new highs. British Land fell 30 to 352p, Great Portland 27 to 349p and Land Securities 29 to 572½p.

Hammerson "A" shares dipped 12 to 855p and the Ordinary 20 to 899p, but continued to trade optimistically on the back of the £1.3bn offer from Rodamco of Holland.

Turnover in Lonrho shares topped 9m, with the price edging ahead to 388p as traders awaited the next move in the Bond saga. Little heed was paid in the marketplace to the latest developments in Lonrho's protracted dispute over the House of Fraser situation.

"Absolutely anything involved in building, property, building materials, houses, construction – forget it, they've been knocked sideways by today's events," was the dispirited comment of a trader in the building market.

Virtually every stock among the leaders was marked down sharply and then heavily sold, with intermittent attempts at rallies tending to run into yet more selling. Of the front-line issues, BPB dropped 8 to 243p, Marley 12 to 148p and Blue Circle 13 to 428p. Redland lost 8 to 418p.

Construction stocks highlighted Taylor Woodrow, which closed 15 lower at 596p, Costain, 10 down at 312p and George Wimpey, 9½ off at 248p. Of the regional housebuilders Persimmon retreated 16 to 147p and Berkeley Group slumped 25 to 248p.

The stores sector saw another startling day's trading in Storehouse. Turnover, which was steady throughout the session, finally reached 30m shares as the price edged forward to 221p, a gain of 7 on the day. Dealers were nonplussed by the bubbling activity and said there was little to report. US buying was again in evidence, but a Storehouse spokesman said the company remained unsure as to what lay behind the turnover.

With the weekly figure nudging towards 100m, there was strong speculation that a substantial stake may have been accumulated. It is only a matter of time before the company's share register is altered, allowing Storehouse to issue 212 notices to discover the identity of any buyers.

Elsewhere, A Goldberg rose 3 to 213p after a bear squeeze, with dealers saying Charterhall had not been increasing its stake. John Menzies was unchanged at 304p on talk that WH Smith may have taken a small stake. Leading issues were generally lower after the good performance earlier in the week, the main casualties being GUS 'A', 25 lower at 1005p, Ratners, down 9 at 190p, Burton, off 9 at 182p and Lowndes Queensway which dropped 5 to 59p.

A wave of buying interest, following reports that a tentative agreement on output had been agreed by OPEC ministers in Vienna, got the oil and gas sector off to a flying start. But the awful trade figures put paid to useful early gains and left the sector with widespread, but generally minor falls.

Dealers took heart from hints emanating from Vienna, where hopes were high that a production ceiling of 18.5m barrel a day would be agreed when the OPEC ministers meet today at 6pm GMT. Crude oil prices were quick to respond and Brent for delivery in January, after opening at $14 a barrel, moved up to around $14.35 towards the close of the session.

Shell was one of the day's most resilient performers with the shares ending 2 harder at 382p to round off a generally buoyant week. "We've seen heavy and sustained buying interest for Shell, much of it coming from the US," commented one trader. Dealers expect the shares to perform well in the run up to, and following, the forthcoming scrip issue, when the stock will be split two-for-one. This is expected to take place on Thursday December 8.

BP old were bought up to 252p, but dropped back to close 2½ easier at 247½p on turnover of 5.2m. The new were finally 3¼ down at 146p, on turnover of 5.7m.

There was heavy selling of British Gas, via the conventional market and the inter-broker dealer screens, with the shares dipping to 154½p at one point before closing 4½ off at a year low 156½p. One leading securities house was thought to have put the shares on its "sell" list.

Ultramar was aggressively bought first thing and touched 262p bid – still boosted by takeover stories – but later ran back sharply to settle with a 6 decline at 254p, despite persistent support from the sources said to have bought large amounts of stock on Thursday.

Brewery stocks were very mixed. Scottish & Newcastle resisted the trend as well as any, falling just 2¼ to 392¼p in thin turnover of 1.1m shares. Dealers reported the influence of options trading as well as whispers that the Elders IXL bid which was referred to the Monopolies & Mergers Commission may get the go-ahead.

Allied Lyons remained weak, shedding 6¼ to 461p in turnover of 1.8m. With speculation about Mr Alan Bond's intentions underpinning the shares, analysts said there is little to look for ahead of final results next Tuesday.

The defensive strengths of a handful of the electronics leaders were apparent as the market plunged. GEC were always well supported and closed only 4 off at 172p, while British Telecom, turnover 4.1m, settled a similar amount easier at 252p.

Plessey, despite the bolster of the GEC/Siemens bid, slipped 3 more to 216½p, while STC, tipped as a possible white knight for Plessey, retreated 11¼ more to 258¾p. Worries about the possible impact of reduced spending on Amstrad left the latter's shares 9½ off at 163p.

Among Foods, SW Berisford shaded just a penny to 405p after finding good support in turnover of 1.2m. Unigate was also well supported and dropped 2 to 290p. Turnover of 4.3m included one order of 1.6m at 290p. Ranks Hovis McDougall fell 7 to 360p after news of its acquisition from RJR Nabisco, a good performance in the circumstances according to dealers.

The Hotel and Leisure sector weakened, but there were a few bright spots. Trusthouse Forte was well traded (5.2m shares went through the system) and fell only 3¼ to 262¼p amid talk of heavy traded options activity which was triggered as the stock hit its lower levels.

European Leisure bucked the trend and closed 4 better at 71¼p, while Norfolk Capital, marked down to 31 at one stage, rallied on strong interest to close only a penny off at 33½p.

The banks were marked down with the market, but little in the way of selling pressure was reported. "This (the banks sector) is one of the classic defensive areas of a high-interest rate market" said one dealer.

But the merchant banks proved vulnerable, reflecting their major exposure to securities trading operations. SG Warburg dipped 8 to 305p, Kleinwort Benson 8 to 313p and Morgan Grenfell 6 to 292p. Hambros fell 6 to 222p ahead of the interim figures due on Tuesday.

Abbey Life dropped 9 to 280½p -"ridiculously cheap given that the yield is boosted by the special payment announced earlier in the week," commented one insurance analyst.

In the Traded Options market, trading in the FT-SE 100 index contract reached a record level of 22,672 contracts on the early count. Not even during the October Crash last year did trade exceed this figure, though total turnover yesterday of 61,135 contracts was about half the amount touched in the immediate consequence of the Crash.

Overall turnover was made up of 35,585 call contracts and 25,550 puts. Index dealings lay in 14,182 calls and 8,490 puts, with the inclusion of trades not immediately matched at the close. Individual stocks to find attention included British Gas, Trusthouse Forte, Sears, Lonrho and Plessey, as well as Storehouse, GEC and Racal.

■ Other market statistics, including the FT-Actuaries Share Index. Page 9.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Abbey Life	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Allied-Lyons	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amstrad	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Argyll Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ass. Brit. Foods	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BET	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BICC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BOC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BPB Inds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BTR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bass	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beazer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beecham	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blue Arrow	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Airways	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Aerospace	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit & Com	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Gas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Land	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Telecom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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Burton	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cable & Wireless	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cadbury Schweppes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coats Viyella	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (13). AMERICANS (1) California Engy., BANKS (1) Fuji Bank, [illegible]

NEW LOWS [illegible]

COMMODITIES

WEEK IN THE MARKETS

Copper price surges above $1,900

COPPER LED a general rise in London Metal Exchange base metals prices this week as bullish fundamentals reasserted themselves following the recent shake-out.

Having absorbed that selling the market started to recover in the middle of last week and, after a two-day hiatus, the resurgence took hold again this Wednesday, when cash grade A copper advanced £110 a tonne. Further gains on Thursday and Friday lifted the price to a record £1,907.50 at yesterday's close, up £145 on the week.

Traders appear to have come to the conclusion that the sharp fall which hit copper prices earlier this month was simply a "technical correction" following a 9-week rise which had lifted the price by more than £500 a tonne. So they are now concentrating again on the market's fundamentals, which remain decidedly bullish.

Tightness of supplies is the main concern. The New York Commodity Exchange's reserves fell this week to a record low of 5,957 short tonnes (2,000 lb), and stocks in LME warehouses have halved in the past three months to 63,025 tonnes. With the Peruvian mining industry remaining strike-bound and production problems affecting shipments from Chile, Zambia and Zaire, London traders see the situation getting worse before it gets better. They are predicting another big fall in LME stocks for this week and fully expect the figure to move below May's 14-year low of 41,425 tonnes before long.

The impact of the six-week-old miners' strike in Peru, which accounts for about 5 per cent of non-communist world copper supplies, was highlighted yesterday when Southern Peru Copper Corporation declared *force majeure* on all future shipments.

The factors which apply to copper are equally valid for zinc – stocks are exceptionally low, demand is strong and Peru accounts for about 11 per cent of western world supplies – so it was no surprise to see this market performing strongly as well. The cash high grade price built on last week's $78.50 advance with a $55 rise to $1,632.50 a tonne. However, it remained $40 below the record level reached shortly after the start of the Peruvian strike.

James Capel, the London stockbroker, put the case for the zinc market this week in a report which pointed out that a production deficit of 208,000 tonnes in the first nine months of this year had reduced producer's stocks of the metal to the equivalent of only 2.7 weeks' supply, from five weeks at the beginning of the year.

There were no fireworks on soft commodity markets, where sugar's strength was the main feature. The London daily raw sugar price ended $22 up at $283.40 a tonne.

Three forecasts published this week – by the International Sugar Organisation and London traders C. Czarnikow and Gill & Duffus – suggested that supply and demand on the world sugar market would be finely balanced in the coming year. But Gill & Duffus, while recognising that its report could be interpreted as bullish, advised investors to "err on the side of caution."

Cocoa also gained ground, although early reports that France and the Ivory Coast had agreed the long-awaited financial package to take surplus Ivorian production off the market remained unconfirmed. The March position on the London futures market reached £909 a tonne at one stage, before finishing the week £39 higher at £890 a tonne.

Coffee continued to trade in a narrow range as dealers waited to see if an increase in this quarter's export quotas would be triggered. Under the terms of the International *Coffee Organisation's October* agreement, the additional 1m bags (of 60 kg) will be released to the market if and when the 15-day average of the ICO's composite daily indicator price reaches 114.40 US cents a lb. By Wednesday the average had crept up to 114.28 cents, but then the American Thanksgiving holiday intervened. To achieve the required average on Monday the daily price would have only to better 114.83 cents a lb, a level it exceeded on two days this week.

The ebb and flow of opinions on the likely outcome of the Opec meeting in Vienna made this week a memorable one for London's International Petroleum Exchange.

Amid the uncertainty which followed the postponement of a ministerial session the IPE's Brent crude oil contract achieved a record turnover of 5,502 lots of 1,000 barrels. But this was left far behind yesterday when active trading sparked by expectations that an Opec production deal would be reached today pushed volume up to 10,808 lots. The contract closed at $14.50 a barrel, up $1.74 on the day and $2.46 on the week.

Richard Mooney

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

BANK RETURN

BANKING DEPARTMENT	Wednesday November 23, 1988	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	101,608,418	+ 6,627,411
Bankers Deposits	1,274,530,338	- 39,979,100
Reserve and other Accounts	1,762,084,393	- 130,470,310
	3,152,776,149	- 163,821,999
ASSETS		
Government Securities	813,543,337	+ 34,491,250
Advance and other Accounts	584,551,799	- 153,766,863
Premises Equipment & other Secs	1,751,276,334	- 41,704,835
Notes	3,167,818	- 2,862,430
Coin	236,861	+ 20,839
	3,152,776,149	- 163,821,999
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	14,456,832,182	+ 92,862,430
Notes in Banking Department	3,167,818	- 2,862,430
	14,460,000,000	+ 90,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	10,609,597,848	+ 153,567,426
Other Securities	3,839,387,052	- 63,567,426
	14,460,000,000	+ 90,000,000

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	3	106	2	80	405	70
Corps. Dom. & Foreign Bonds	1	32	18	16	86	153
Industrials	114	1,092	370	1,505	2,636	3,728
Financial and Props	25	474	169	583	1,007	1,746
Oils	19	51	36	111	145	270
Plantations	0	1	12	3	3	59
Mines	40	22	128	189	202	551
Others	51	96	99	349	368	512
Totals	253	1,874	834	2,836	4,852	7,089

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday November 24 1988

Overseas Traders	+44.20	Other Groups	+ 9.74
Property	+34.92	Health & Household Products	+ 9.68
Leisure	+27.50	Industrial Group	+ 9.32
Mining Finance	+27.25	500 Share Index	+ 8.66
Electricals	+22.38	Building Materials	+ 8.27
Electronics	+20.49	Motors	+ 7.84
Investment Trusts	+19.59	Banks	+ 6.18
Mechanical Engineering	+19.01	Consumer Group	+ 6.01
Metals & Metal Forming	+17.51	Oil & Gas	+ 4.59
Food Manufacturing	+16.79	Insurance(Brokers)	+ 4.45
Brewers and Distillers	+16.62	Insurance(Composite)	+ 3.93
Conglomerates	+16.59	Publishing & Printing	+ 3.30
Shipping & Transport	+15.46	Agencies	+ 2.17
Contracting, Construction	+15.39	Chemicals	+ 0.25
Capital Goods	+14.91	Insurance(Life)	- 0.91
Telephone Networks	+14.65	Merchant Banks	- 1.78
Other Industrial Materials	+11.83	Food Retailing	- 8.41
Packaging & Paper	+11.64	Stores	- 10.09
All Share Index	+ 9.77	Textiles	- 13.94
Financial Group	+ 9.75	Gold Mines Index	- 42.63

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.
OFFER PRICE
The price at which units may be bought.
BID PRICE
The price at which units may be sold.
CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.
TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.
HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.
FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Swiss Life Pen Tst Man Co Ltd (1000)H						
99-101 London Rd, Sevenoaks 0732 450161						
Equity Dist	5	329.5	334.0xd	353.4	(z)	3.15
Equity Acc	5	428.1	433.9	459.2	(z)	3.15
Fixed Int Dist	5	114.0	115.6xd	119.8	(z)	8.47
Fixed Int Acc	5	210.2	213.2	220.9	(z)	8.47
TSB Unit Trusts (y) (1000)F						
Charlton Pl, Andover, Hants, SP10 1RE 0264 63434						
TSB American	6	91.73	92.51	98.42	-0.14	2.15
Do Accum	6	98.46	99.29	105.63	-0.16	2.15
TSB Brit Growth	6	54.33	54.33	57.80	-0.20	3.33
Do Accum	6	56.85	56.85	60.48	-0.21	3.33
TSB European	6	51.91	52.56	55.91	+0.85	1.12
Do Accum	6	53.32	53.98	57.43	+0.87	1.12
TSB Extra Income	6	146.62	149.87	159.44	-0.67	5.81
Do Accum	6	189.25	191.44	205.81	-0.79	5.81
TSB Smaller Cos	6	53.58	53.58	56.79	-0.19	1.56
Do Accum	6	54.33	54.33	57.80	-0.19	1.56
TSB General	6	177.36	177.36	188.68	-0.97	3.44
Do Accum	6	307.01	307.01	326.61	-1.66	3.44
TSB Premier Income	5	47.24	47.69xd	49.68	-0.05	8.91
Do Accum	5	72.51	73.21xd	76.26	-0.09	8.91
TSB Income	6	268.35	272.48	289.85	+1.38	4.92
Do Accum	6	448.55	455.42	484.49	+2.31	4.92
TSB Pacific	6	210.18	213.37	226.99	+3.29	0.44
Do Accum	6	218.52	221.85	236.01	+3.42	0.44
TSB International	6	318.72	318.72xd	339.06	+0.51	0.88
Do Accum	6	402.74	402.74xd	428.45	+0.65	0.88
TSB Nat Resources	6	58.36	59.65xd	63.46	-0.28	1.39
Do Accum	6	61.87	63.23xd	67.27	-0.20	1.39
TSB Sited Opps	6	79.41	79.41	84.48	-0.40	2.74
Do Accum	6	90.67	90.67	96.46	-0.45	2.74
Target Trust Mngrs Ltd (1600)H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks. Admin: 0296 394000 Dealing: 01-579 0060						
American Eagle	5	57.83	57.83	61.81	-0.47	3.58
Australia	5	7.280	7.28	7.807	-0.00	0.10
Commodity	5	73.10	73.10xd	78.88	-0.46	0.63
Convertible	5	141.1	142.1xd	152.0	-1.8	5.83
Equity	5	150.4	150.4	161.9	-3.1	3.23
Euro Spec Sits	5	81.38	81.38	87.45	-0.04	1.56
Financial	5	29.73	29.73	32.08	-0.52	2.12
Global Opps Inc	5	54.16	54.16xd	58.32	-0.40	0.64
Global Opps Acc	5	54.57	54.57	58.76	-0.40	0.64
Gold Income	5	44.26	44.26xd	47.59	-0.05	0.00
Gold Acc	5	81.52	81.52	87.66	-0.09	0.00
Income	5	102.8	102.8	111.1	-1.9	4.57
Japan	5	125.6	125.6	135.3	-1.0	0.00
Pacific Inc	5	113.2	113.2	122.2	-0.6	0.06
Pacific Acc	5	140.4	140.4	151.6	-0.7	0.06
Preference Share	5	24.18	24.28xd	26.27	-0.20	7.67
Special Sits	5	90.82	90.81	98.03	-2.57	1.59

	Bid Price	Offer Price	+ or -	Yield Gross
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Property Oct 31	211.99		—	5.77
Equity Oct 31	714.70		—	3.98
Fxd Int Sec Oct 31	100.70		—	9.98
* Available only to Local Authorities				
MIM Ltd				
Mngd Pens (Acc)	55.2	58.6	+0.1	0.00
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Exmt Nov 23	36.3	37.7	+0.0	2.49
Euro Exmt Nov 23	41.2	43.2	+0.0	2.52
Fixed Int Ex Nov 23	49.5	51.8	+0.0	9.69
Japan Exmt Nov 23	57.3	59.6	+0.0	0.58
Managed Ex Nov 24	38.5	40.0	+0.0	4.75
SE Asia Exmt Nov 23	33.7	35.3	+0.0	2.12
Sm Cos Exmt Nov 23	43.6	45.7	+0.0	2.81
UK Eqty Ex Nov 23	35.5	37.2	+0.0	4.44
New Court Property Fund Managers				
NC Property	191.5	209.3	—	—
Phillips & Drew Fund Management Ltd				
PDFM Small Co's Nov 1	815.0	861.0	—	3.85
Do Accum	842.0	889.0	—	3.85
PDFM Int Exmt Nov 24	120.7	122.8	—	2.60
J. Rothschild Fund Managers Ltd				
MU Exempt	93.66	94.73	—	2.92

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
Investment Mngr, M & G Inv Mngt Ltd				
AA FriendlySy Nov 11		143.4	—	—
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	259.8	273.5	—	—
Equity Ser. 1	113.8	119.8	-0.6	—
Prop. Acc. Ser 2	388.0	408.5	—	—
Equity Ser 2	129.2	136.1	-0.5	—
Selective Acc	297.0	312.7	-0.3	—
Prop. Ser. 4	308.2	324.5	—	—
Equity Ser. 4	133.5	140.6	-0.4	—

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

	Bid Price	Offer Price	+ or -	Yield Gros
Norwich Union Asset Management Ltd				
PO Box 124, Norwich NR1 3JS 0603 683986				
NUAM Funds				
Managed Fund	54.0	56.9	-0.2	-
Stock Market Mngd Fund	51.6	54.3	-0.2	-
Equity Fund	55.4	58.3	-0.6	-
International Fund	48.3	50.8	-	-
European Fund	49.6	52.2	-	-
North American Fund	41.6	43.8	-	-
Pacific Fund	61.2	64.4	+0.1	-
Property Fund	68.5	72.1	+0.9	-
Fixed Interest Fund	52.1	54.9	-0.2	-
Index Linked Sec Fund	53.3	56.1	-	-
Deposit Fund	54.9	57.8	-	-
NUAM Retirement Plans				
Mixed Fund	58.0	61.1	-	-
UK Ordinary Share Fd	65.0	68.5	-0.1	-
International Fund	50.0	52.6	+0.1	-
Property Fund	65.7	69.2	-	-
Fixed Interest Fund	57.0	60.0	-	-
Index Linked Sec Fund	54.7	57.6	+0.1	-
Deposit Fund	59.2	62.3	-	-
NUAM (MF)				
Managed Fund	754.4	794.2	-2.7	-
Equity Fund	1496.8	1575.6	-16.0	-
Property Fund	431.4	454.2	+5.9	-
Fixed Interest Fund	388.8	409.3	-1.5	-
Deposit Fund	224.8	236.7	+0.1	-
International Fund	126.9	133.6	+0.1	-
Index Linked Sec Fund	54.0	56.9	-	-
Norwich Union Life Insurance Soc.				
PO Box 149, Norwich NR1 3NG 0603 622200				
Unitised Pensions				
With Profits Fd	108.42	114.12	+0.04	-
Managed Fd	117.22	123.39	+0.02	-
UK Equity Fd	120.36	126.69	-0.18	-
International Fd	118.77	125.02	+0.44	-
European Fd	112.96	118.91	+0.52	-
North American Fd	106.54	112.14	+0.53	-
[illegible]				

	Bid Price	Offer Price	+ or -	Yield Gros
Providence Capital Life Assc. Co Ltd - Contd.				
Broker Fund				
Towerhill Mngd Fd Acc	46.0	48.5	-0.4	-
High Performance	60.9	64.2	+0.1	-
YRA Executive Fd	76.9	81.1	-	-
Investment Master	78.4		-	-
H.F. Speculator Fd	112.4		-	-
£ High Inc Money Fd	103.3		-	-
£ Global Growth Fd	103.3		-	-
PEP Acorn II	101.9		+0.2	-
AAFS Int Man Fund	100.5		-0.1	-
Individual Pension Funds				
UK Equity Acc	205.4	216.7	+0.3	-
UK Fixed Interest Acc	164.0	173.0	-	-
Intl Equities Acc	163.1	172.1	+1.0	-
UK Managed Acc	151.0	159.2	+0.1	-
Property Acc	189.3	199.7	-0.3	-
Money Acc	115.7	122.1	+0.1	-
Special Market Acc	126.4	133.4	+0.2	-
Japan Equity Acc	225.6	238.0	-0.5	-
North American Acc	99.7	105.2	-0.2	-
Pacific Acc	132.1	139.4	+0.5	-
Technology Acc	132.5	139.8	+0.1	-
Natural Resources Acc	88.9	93.8	+1.7	-
European Acc	87.6	92.5	-0.1	-
Residential Prop Acc	123.9	130.7	+0.2	-
Swiss Equities Acc	31.6	33.4	+0.5	-
Hong Kong Acc	42.3	44.7	-	-
UK High Inc Equ Acc	65.3	68.9	+0.1	-
Int. Fixed Interest Acc	50.9	53.7	+0.1	-
Int Managed Acc	47.0	49.5	+0.1	-
Broker Fund				
Towerhill Mngd Pen Acc	39.1	41.2	(z)	-
Group Pension Funds				
Equity Acc	599.9	618.5	(z)	-
Fixed Interest Acc	456.0	470.2	(z)	-
Managed Acc	102.4	104.4	(z)	-

Provident Life Assoc Ltd

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MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

UK LISTED

[illegible]

IoM AUTHORISED

[illegible]

OFFSHORE INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	99⅝	Treas 11½pc 1989	99⅝	–	11.55	12.68
101	98	Treas 9½pc Cnv 1989	98	–¼	9.61	12.45
97½	95	Treas 3pc 1989	94	–⅛	3.10	10.19
102	99	Treas 10½pc 1989	99	–	10.60	12.42
102	98	Exch. 10pc 1989	98	–	10.12	11.76
103	99	Exch 11pc 1989	99	–	11.05	11.56
97	94⅝	Treas 5pc 1986-89	95	–	5.22	10.08
104	98¾	Exch 10¼pcCv '89	99	–	10.30	10.83
107½	101¼	Treas 13pc 1990‡‡	101	–¼	12.73	10.88
104	99	Exch 11pc 1990‡‡	99	–	10.99	10.81
107	101	Exch. 12½pc 1990	101	–	12.27	10.94
93	90	Treas. 3pc 1990	90	–	3.28	9.42
99	95½	Treas 8¼pc 1987-90‡‡	95½	–	8.55	10.80
102	95	Treas. 8pc Cv 1990 ‡‡	96	–	8.19	9.52
103	97	Treas. 10pcCv 1990	97	–1	10.14	10.80
91	87	Exch 2½pc 1990	87	–	2.82	8.93
107	100	Treas 11¾pc 1991	100	–1	11.56	10.83
95	90	Funding 5¾pc '87-91‡‡	90	–	6.33	10.20
90	86	Treas. 3pc 1991	86	–	3.43	8.82
105	98	Treas 10pc Cv '91 ‡‡	98	–	10.07	10.30
107	99	Exch. 11pc 1991	99	–1	10.90	10.62
98	92	Treas. 8pc 1991	92	–1	8.67	11.09
113	104	Treas 12¾pc 1992‡‡	104	–1¼	12.04	10.47
104	97	Treas 10pc 1992	97	–1	10.13	10.46
98	91	Treas. 8pc 1992 ‡‡	91	–1	8.70	10.91
106	98	Treas 10½pc Cv 1992‡‡	98	–1	10.49	10.48
86	82½	Treas. 3pc 1992	82½	–	3.59	8.48
112	103	Exch. 12¼pc '92	103	–1	11.65	10.53
117	107	Exch 13½pc 1992	107	–1	12.37	10.51
97	91	Treas 8¼pc 1993	91	–1	8.89	10.39
105	97	Treas 10pc 1993‡‡	97	–1	10.09	10.26
115	106	Treas 12½pc 1993‡‡	106	–1	11.61	10.35
93	86	Funding 6pc 1993‡‡	86	–	6.87	9.33
121	111	Treas 13¾pc 1993‡‡	111	–1	12.20	10.41

Five to Fifteen Years

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101	91	Treas. 8½pc 1994	91	–1	9.17	10.34
94	91	Treas 8½pc 1994 A	91	–1	9.31	10.72
125	115	Treas 14½pc 1994‡‡	115	–1	12.44	10.33
120	111	Exch 13½pc 1994	111	–1	12.02	10.45
105	98	Treas. 10pc Ln. 1994‡‡	98	–1	10.09	10.21
116	107	Exch. 12½pc 1994	107	–1	11.65	10.75
101	93	Treas 9pc 1994‡‡	93	–1	9.60	10.43
114	105	Treas 12pc 1995	105	–1	11.35	10.68
83	78½	Exch 3pc Gas 90-95	80	–	3.74	6.88
106	98	Exch. 10¼pc 1995	98	–1	10.39	10.51
120	111	Treas 12¼pc 1995‡‡	111	–1	11.50	10.51
126	116	Treas. 14pc '96	116	–1	12.02	10.62
101	93	Treas. 9pc 1992-96‡‡	94	–1	9.55	10.14
133	123	Treas 15¼pc 1996‡‡	124	–1¼	12.32	10.54
123	114	Exch 13¼pc 1996‡‡	114	–1	11.60	10.46

FOREIGN BONDS & RAILS

1988 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	33	Greek 7pc Ass.	42	–3	3.50	f7.78
45	33	Do. 6pc 28 Stb. Ass.	44	–1	3	f6.67
45	33	Do 4pc Mixed Ass.	45		2	f4.44
77	63	Hung. '24 Ass.	65		2.75	f3.57
140	128	Hydro Quebec 15pc 2011.	136		15.00	10.749
131	118	Iceland 14½pc Ln 2016	124	–½	14.50	11.48
101	94½	Ireland 9¾pc '91-96	97	–½	9.75	10.20

AMERICANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
29½	22¼	Abbott Laboratories‡	24½xd	–⅛	$1.20	–	2.7
649p	360p	♦Allegheny & W 1c	367p		30c	–	4.5
14	862p	Amax $1	12		Q20c	–	0.9
15	8	Amdahl 5c	961pxd		h10c	–	0.6
31⅝	22	Amer. Cyanamid $5	25		$1.20	–	2.7
17⅝	11¼	Amer. Express 60c	14xd		76c	–	2.9
10⅝	668p	Amer. Medical Int. $1	859p		♦72c	–	4.6
17⅛	13	American T. & T. $1	15	+⅛	$1.20	–	4.2
56½	44	Ameritech $1	50		$5.40	–	5.9
28½	16½	Amfac‡	27		–	–	–
19⅝	15	Anheuser-Busch $1	16		72c	–	2.4
10¼	360p	BankAmerica $1	950p	–6	–	–	–
24⅝	16	Bankers N.Y. $1	20½	–¼	$1.86	–	5.0
43	34	Bell Atlantic $1	38½		$4.08	–	5.9
25	19	BellSouth Corp.	21		$2.36	–	6.0
15	850p	♦Bethlehem Steel $8.	11		–	–	–
13	801p	Bio-Rad Labs. Inc. "A"	966p	–6	–	–	–
23	14	Bowater Inc.	14		$1.12	–	4.3
16	11	Browning-Ferris 16.6c	14xd		48c	–	1.8
13	787p	Brunswick 75c	9xd		44c	–	2.5
33¼	21	CPC Intnl. 25c	27		$1.44	–	2.9
18¼	13¼	CSX $1	16½		$1.24	–	4.2
898p	134p	California Engy	898p	+7	–	–	–
16¼	11	CalFed Inc $1	11		$1.40	–	6.8
20	12	Campbell Soup 15c	16½xd	–⅛	84c	–	2.8
39⅝	31	Caterpillar Inc $1	34		75c	–	1.2
18½	11¼	Chase Manhattan $12½	15¼xd	–⅛	$2.16	–	7.9
19	11¼	Chem. Banking Corpn.	18		$2.72	–	8.4
15	11	Chrysler $6¼	14xd		$1.00	–	3.9
15	9	Citicorp $1	13		$1.48	–	5.9
297p	168p	CityFed Fin. Corp.	217p		4c	–	1.0
28¼	20	Colgate-Palmolive $1	23½xd	–⅛	s$1.48	–	3.5
20½	13½	Cons Freightwys 62½c	17		98c	–	3.2
350p	134p	Contl Illinois Corp $1.	300p		8c	–	1.5
14p	6p	Cont Illinois Hldgs $1	6p		–	–	–
428p	117p	♦Corporate Data Scnce	357p		–	–	–
510p	234p	Cullinet Sftwr 1c	299p	–1	–	–	–
22	17	Dana Corp. $1	20¼	–⅛	$1.60	–	4.4
15¼	947p	Data General	947p		–	–	–
		For Derma-Lock Med. see Unilab					
32½	24½	Dun & Bradstreet $1.	28xd		$1.74	–	3.3
49	28	Eaton Corpn. 50c	28	–⅛	h$2.00	–	3.9
18	14	FPL Group 1c	16xd	–⅛	$2.20	–	7.3
31	20	Ford Motor $1	27½xd	+¼	$2.40	–	4.8
29	20	GATX 62½c	28xd		$1.80	–	3.5
26	20	Gen. Elect. 63c	24		$1.40	–	3.2
708p	425p	♦General Host Corp $1	449p	–1	28c	–	3.4
25	15¼	Gillette $1	17		86c	–	2.7
803p	474p	Gt Am First Svgs Bk $1.	537p	–1	60c	–	6.2
21¼	13	Greyhound $1½	15xd		$1.32	–	4.7
976p	654p	Hasbro Inc 50c	857p		12c	–	1.0
812p	600p	Home Group $1	600p		20c	–	1.8
42	28	Honeywell $1½	32xd		$2.10	–	3.6
28	15¼	Hospital Corp Am $1.	23		72c	–	1.7
19	15	Houston Inds ‡	15¼		$2.96	–	10.8
75	55¼	IBM Corpn $1¼	64xd		$4.40	–	3.8
21	16	IC Industries	17¼xd		96c	–	3.1
31	23	ITT Corpn. $1	26xd		$1.48	–	3.0
105p	40p	Image Storage/R.Sys.1c	60p	–5	–	–	–
26	17	Ingersoll-Rand $2	18xd		$1.04	–	3.2
26	18½	Lockheed Crpn. $1	21xd		$1.60	–	4.1
19	11½	Lone Star Inds $1	16xd		$1.90	–	6.3
19¼	15¼	Louisiana Land 15c	16		$1.00	–	3.3
13¼	860p	Lowe's 50c	11½		48c	–	2.3
18	10¼	Manuf. Hanover $1	15½	–⅛	$3.28	–	11.7
16	11	Merrill Lynch $1	14¼	–⅛	$1.00	–	3.9
24	11	Molex Inc.	18¼	–⅛	32c	–	1.0
23¼	16½	Morgan (JP) $2½	18xd		$1.50	–	4.4
40	32	NYNEX $1	35		$4.04	–	6.2
20	15	PHH Corp. ‡	18½		$1.12	–	3.3
308p	99p	♦Pacific Agr. ‡	225p		–	–	–
21	16	Pacificorp $3¼	19¼		$2.64	–	7.6
18	13¼	Pacific Telesis 10c	16½		$1.76	–	5.9
18	13¼	Pall Corp. 25c	15xd		40c	–	1.4
44	34½	Pennzoil 83 1/3c	39xd		$3.00	–	4.3
21	11	Premark Intl	15	–⅛	60c	–	2.1
17	12½	Primerica $1	15½xd		$1.60	–	5.8
34	21	Quaker Oats $5	27xd	–⅛	$1.20	–	2.4
49	23	RJR Nabisco Inc.	47		♦$2.20	–	2.6
29	21	Rep NY Corpn $5	23xd	–⅛	$1.20	–	2.9
13	9	Rockwell Intl. $1	10		72c	–	3.7
28	18	Sara Lee $11/3	24¼	–⅛	$1.44	–	3.3
24	18	Southwestern Bell $1	22		$2.48	–	6.2
20	12	Sun Co. Inc. $1	17	–⅛	$1.80	–	5.8
29	22	TRW Inc. 62½c	22		$1.72	–	4.2
15	754p	TW Services $5	12		10c	–	0.4
28	21¼	Tenneco $5	27		$3.04	–	6.2
28	19	Texaco $6.25	25	–⅛	♦$3.00	–	6.6
27	19	Texas Instr. $1	19xd	–⅛	72c	–	2.0
70	43¼	Time Inc. $1	53xd		$1.00	–	1.0

Continued on next page

Bank of Ireland High Interest Cheque Acc
36 Queen St, EC4R 1BN 01-329 4500
2,000-9,999 | 10.91 | 8.375 | 11.522 | Qtr
£10,000+ | 11.238 | 8.625 | 11.877 | Qtr

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01 601 6746
Money Mkt Cheque Acc | 10.60 | 8.13 | 11.26 | Mth

Barclays Prime Account
PO Box 125, Northampton 0604 252891

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21½	15⅞	Transamerica $1	17⅛xd	–1/16	$1.84	–	5.9
20⅛	13½	TRINOVA Corp.	13¼	–⅛	64c	–	2.6
19	14⅞	USX $1	14½	+1/16	$1.40	–	5.3
140p	44p	Unilab	123p	......	–	–	5.3
24¼	17⅝	Utd. Technologies	21⅛xd	+1/16	$1.60	–	4.1
34⅝	26¼	US West	31¼	......	$3.52	–	6.2
24⅞	16⅞	Waste Management $1	21⅞	–⅛	48c	–	1.2
16⅞	12⅞	Whirlpool $1	13¼		$1.10	–	4.6
33⅞	18¼	♥Woolworth $3½	27⅞	–⅛	$1.64	–	3.2

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	154p	ABM Gold Corp	172p	+1	–	–	–
32p	7p	♥Abbot Energy Corp	7p	......	–	–	–
14¼	916p	♥Amer. Barrick Res.	971p	+5	–	–	–
10p	2⅓p	American Lightwave	3½p	......	–	–	–
47p	7⅛p	♥Armeno	14p	–½	–	–	–
76p	37p	Augmitto Expln.	39½p	–3½	–	–	–
14⅞	10⅝	Bk. Montreal	12⅞	......	$2.00	–	7.4
769p	514p	Bk. Nova Scot.	661p	..	76c	–	5.2
18¼	15¼	BCE	17⅞xd	+¼	$2.44	–	6.4
716p	527p	♥Bow Valley	570p	......	♦40c	–	3.2
13⅝	10½	♥Brascan	11⅞	......	88c	–	3.5
328p	183p	♥Breakwater Res.	205p	+6	10c	–	2.2
12⅞	801p	Can. Imp Bank	11¼	+⅛	$1.16	–	4.7
11½	841p	Can. Pacific	922p	–10	76c	–	3.8
41½	36½	Do. 4pc Deb £100	38½xd	......	4%	–	10.4
515p	357p	Central Capital "A"	391p	+9	–	–	–
485p	368p	♥Corona Corp.	368p	–2	–	–	–
886p	250p	Cons. TVX Min	258p	+8	–	–	–
371p	62p	Dambus Res	67½p	+5½	–	–	–
686p	430p	Derlan Inds.	500p	+11	11.75c	–	1.1
14⅛	814p	♥Echo Bay Mines	827p	+13	$0.07	–	0.4
40p	11½p	Energex Minerals	15½p	+½	–	–	–
125p	83p	Euro-Asia Capital Ltd.	92p	+3	–	–	–
360p	222p	♥Galactic Resources	264p	+3	–	–	–
423p	297p	Gandalf Techs Inc	311p	......	–	–	–
125p	51p	♥Geodome Res	51½p	+½	–	–	–
394p	161p	Granges Expln	161p	–4	–	–	–
17p	4½p	♥Gt. Pacific Res.	5½p	–1	–	–	–
905p	576p	♥Gulf Canada	585p	......	52c	–	4.0
12⅞	816p	♥Hawker Sid Can	940p	......	$1.08	–	5.6
590p	344p	Henlys Group	471p	+16	–	–	–
10	785p	♥Hudson's Bay	962p	+16	60c	–	2.8
26	20¼	♥Imperial Oil	21⅞	+¼	$1.80	–	3.7

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LEISURE

LONDON SHARE SERVICE

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

For Kwahu see Cranston

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

For Video Tape Recording see Leisure.

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ▌ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p....γ	70	-1
Craig & Rose £1....γ	710	......
Finlay Pkg. 5p....γ	85	......
Holt (Jos) 25p....γ	£11½	......

IRISH

Cap. 8½% Ln. 1991	£99⅝	......
9pc Cap Ln. 1996	£103¼	......
Fin. 13% 97/02	£124⅞	......
Arnotts....γ	375xd	......
Carrol (P.J.)....γ	155	......
Grafton Grp....γ	145	-3
Hall (R. & H.)....γ	155	......
Helton Hldgs....γ	56	......
Irish Ropes....γ	165	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	65
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	50
Peachey	54

Oils

Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	5½
Shell	85
Ultramar	21

Mines

Cons Gold	100
Lonrho	38
RTZ	48

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £946 per annum for each security.

FINANCIAL TIMES
Weekend November 26/November 27 1988

BA joins consortium to bid for Air New Zealand

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS confirmed in London yesterday that it is participating in an international consortium bidding to take over Air New Zealand.

Its partners are DFC New Zealand, the investment bank, and EIE Development, the Japanese investment company which specialises in tourism.

A competing consortium consists of Brierley Investments (BIL), the main investment vehicle of Sir Ronald Brierley, the New Zealand financier, and Qantas, the Australian flag airline, along with other unnamed foreign airlines.

Neither group disclosed cash details of their offers.

The New Zealand Government, which owns Air New Zealand, re-opened the bidding last month after calling off earlier negotiations with Qantas.

It said then that it was prepared to sell the entire airline, provided 65 per cent of the shares remained in New Zealand hands.

The prospective sale of the airline is part of a New Zealand government programme to privatise assets to raise funds to repay foreign debt.

Although no value has been put officially on the airline, some analysts believe it could be worth more than NZ$1bn (£355m).

The New Zealand Government has declined to say when it will announce a decision on the bids.

Mr Keith Sutton, executive director of DFC, said his company would seek 65 per cent of the shares in Air New Zealand, with BA and EIE holding the remainder.

DFC itself was sold recently, with National Provident Fund, New Zealand's leading mutual fund, taking 80 per cent of its shares and the rest being taken by Salomon Brothers, the New York investment bank.

Brierley and Qantas said their group included other foreign airlines, whose names are likely to be revealed within the next few days.

They are believed to include Lufthansa of West Germany and Japan Air Lines.

At least 30 per cent of Air New Zealand would be offered to the public and staff.

A joint Brierley and Qantas statement said: "BIL will hold not less than 35 per cent. Qantas has tendered for 19.9 per cent, with other overseas airline industry participants between them bidding for 15 per cent.

"Accordingly, under the bid the total overseas shareholding will not exceed 35 per cent."

BA hopes of Lan Chile stake improve, Page 10.

Fiat Group shaken as car company chief resigns

By John Wyles in Rome

THE FIAT Group, Italy's largest private company and market leader in the European car sales league, was badly shaken yesterday by the resignation of Mr Vittorio Ghidella, the man who has piloted the car company's impressive recovery during the 1980s.

Mr Ghidella will be succeeded as managing director of Fiat Auto by Mr Cesare Romiti, thereby consolidating the group managing director's grip on the entire Agnelli empire. Mr Ghidella apparently decided to depart after losing the strategic debate with Mr Romiti over future strategies and Fiat Auto's place within them.

Mr Gianni Agnelli, the 67-year-old Fiat president and principal shareholder, was the final arbiter who has evidently struggled for months to make peace between his two top managers. However, he eventually put his proprietorial weight behind Mr Romiti.

Mr Agnelli yesterday broke the news that Mr Ghidella would be leaving by the end of the year to a gathering of the group's top managers at the Fiat training centre at Marentino near Turin.

He said: "I was faced with a conflict of interpretation over the role of Fiat Auto inside the group: for Ghidella an autocentric view prevails, while for me Fiat is an industrial holding and the management of all of its activities must remain inside the holding."

For his part, Mr Ghidella was reported by Fiat sources as acknowledging that Fiat Auto had always been given the necessary human and financial resources during his decade as managing director. He added that his decision had been prompted by differing visions of the group's strategy.

Rumours of clashes between Mr Romiti and Mr Ghidella have been reported in the Italian media on several occasions since the end of August, but Fiat has consistently denied them, together with any suggestion that Mr Ghidella intended to resign.

Details of the conflict are very unclear, but company sources suggest that they concerned investment priorities within the diversified financial and industrial group, and a claim from Mr Ghidella for more managerial autonomy.

Mr Ghidella is said to have insisted on the need to strengthen Fiat Auto's capacity to defend its 60 per cent share of the Italian market and its 14.5 per cent hold on western Europe, even at the expense of developing other sectors of the business.

Mr Agnelli and Mr Romiti dug in on the need for a more balanced investment approach and rejected Mr Ghidella's claim for a freer hand in running Fiat Auto. "There are not two Fiats but only one industrial group engaged in a difficult international struggle," said Mr Agnelli at Marentino yesterday.

Mr Ghidella, 57, is highly respected in the international motor industry and his view of Fiat Auto's future role may have been somewhat influenced by Mr Agnelli's seemingly unsure handling of succession problems at Fiat. A year ago, he announced that Mr Ghidella would succeed 65-year-old Mr Romiti as group managing director at some future date. In September, he made it clear that this would not be before 1994.

Fiat group comes to crossroads, and Ghidella leaves as goal of overtaking VW comes in sight, Page 3

RHM buys Nabisco UK cereals concerns for £80m

By Nikki Tait

RANKS Hovis McDougall, the British bakeries and food group, is to pay £80m in cash for RJR Nabisco's UK breakfast cereals interests, which take in the Shredded Wheat, Shreddies and Team Wheatflakes brand names.

The company emerged yesterday as the successful bidder in the auction for the businesses, which it is buying from Nabisco Group, the UK subsidiary of RJR Nabisco. The price is above analysts' initial estimates.

In terms of the £585m UK breakfast cereal market, the largest player, taking about 50 per cent, is Kellogg. Weetabix is second and the Nabisco interests third, with about 9 per cent.

However, RHM also produces private label breakfast cereals through its Viota foods subsidiary and wheatflakes under the Force brand name. It suggests that the purchase should roughly double its own share of the market.

The Nabisco businesses are based at Welwyn Garden City, Herts, and employ about 600 people. Profits before tax and the allocation of Nabisco UK's charges for administration and selling were £8.6m for the year to November 30. They have remained on a plateau for some years.

The purchase comes hot on the heels of RHM's announcement earlier this week that it would put a figure of £678m on its existing brands in the 1988 balance sheet, thereby trebling shareholders' funds.

The comprehensive brand valuation, the first by a UK company, was seen by analysts as a move which could facilitate acquisitions, although the company denied that this was the main purpose of the accounting change. Since then, RHM has announced the purchase of some fruit juice businesses from Adams Foods for £10.5m cash.

Yesterday, the company said it would value the Nabisco UK brands on acquisition, thereby reducing the amount of goodwill in the purchase price. The tangible assets are put at about £35m and Mr Bob Rogerson, RHM's finance director, indicated that the brand valuation might produce another £20m, although this figure is highly tentative at present.

The sale by Nabisco Group reflects a decision to concentrate on its "core" UK interests — crisps, snacks, and biscuits. The company also recently sold its Bendicks luxury chocolates business.

The proposed sale by tender was announced in late October, shortly before news broke that a large-scale leveraged buyout of the US parent, RJR Nabisco, was being discussed. Yesterday, RJR Nabisco confirmed that all parties involved in the bidding were fully aware of the cereals transaction.

RHM's recent purchases usefully enlarge the group, at a time when it is subject to some bid speculation.

RHM faced a hostile £1.7bn bid by Goodman Fielder Wattie, the Australasian group, last summer but this was abandoned after a Monopolies and Mergers Commission referral.

Nato reveals strength of forces

By David White in London and David Buchan in Brussels

NATO HAS published its most detailed assessment to date of the balance between its conventional forces in Europe and those of the Warsaw Pact, and has challenged Moscow and its allies to come forward with similar data.

The figures, giving levels at the start of this year, contain previously classified information on Nato forces and intelligence estimates of East bloc forces.

The Warsaw Pact is shown as having 3.09m troops in Europe, including support personnel, against Nato's 2.21m, and 51,500 tanks compared with Nato's 16,424.

The document, released in Nato capitals yesterday, was conceived as an exercise in Western glasnost. It attempts to counter the public relations efforts of Mr Mikhail Gorbachev, the Soviet leader, and to prepare western opinion for the kind of demands Nato will make in the planned series of talks on cuts in conventional land-based forces between the Atlantic and the Urals.

It sets out the Warsaw Pact's well-known areas of superiority, including a three-to-one advantage in tanks and artillery and much greater numbers of armoured vehicles — weapons which Nato believes provide the capacity for surprise attack and large-scale aggression and which it wants to make the focus of the talks.

The report, which stems from a UK initiative, also rebuts Soviet counter-claims that Nato has the advantage in numbers of strike aircraft and anti-tank weapons.

Copies of the document, called Conventional Forces in Europe: The Facts, are being sent to all participants in the 35-nation Vienna Conference on Security and Co-operation in Europe, which is due to make way for the East-West Conventional Stability Talks.

Mr Manfred Wörner, Nato secretary-general, forecast that the talks would start "very early next year." He said the report was not intended to replace the data needed for the negotiations, but denied it was political propaganda.

The data are the first produced by Nato since 1984 and break new ground by including French and Spanish forces and details of Warsaw Pact forces country by country.

Tom Lynch adds: Announcing the document in the Commons, Sir Geoffrey Howe, the Foreign Secretary, challenged Mr Gorbachev to "put your cards on the table."

He told MPs during a foreign affairs debate that the paper was "the most exhaustive analysis of the available data ever undertaken. The allies have concealed no detail of their own forces and spared no efforts to estimate accurately the Warsaw Pact forces."

Eurofighter accord will bring 20,000 jobs, Page 4

Trade figures Continued from Page 1

merchandise trade gap in the first 10 months of this year to £17bn.

The Government estimated that Britain's invisible trade surplus from services such as banking, insurance and tourism stayed unchanged at £500m last month, to result in a £4.6bn invisible surplus between January and October.

The Department of Trade and Industry said exceptional factors such as increased imports of precious stones and aircraft played a part in swelling last month's deficits. It also said that up to £300m of October's exports were wrongly counted in with September's figures as statisticians tried to compensate for the effects of the postal strike.

There was no concealing that the figures were far worse than expected by even the gloomiest commentators. In volume terms, exports fell by nearly 10 per cent between September and October while imports increased by around 11 per cent. Imports were up across the range of products covered by the official statistics pointing to excessive demand in the economy.

David Barchard writes: Mortgage rates seem certain to rise, though building societies may wait until the New Year.

Societies had a record inflow of £1.5bn last month and are well placed to hold down their rates in order to increase their market share. However the Government, which is believed to have pressed them strongly to put up their rates after last August's base rate increase, may force matters again.

Mr. Jim Birrell, chief executive of Halifax, the largest building society, said he was disappointed by the latest base rate increase as the housing market was showing clear signs of slowing down. The society had "no immediate plans" to increase rates.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Falls			
Bayer Hypo Bk	357.5	−	6.5
D'sche Babcock	154	−	3.2
Lufthansa	144	−	1.4
Mannesmann	188.7	−	0.8
Nixdorf	361.1	−	4.9
RWE	235.5	−	0.6

NEW YORK ($)

Rises			
Atlantic Rich.	79¼	+	1¼
D.O.C. Optics	10½	+	1¼
Hilton Hotels	48¼	+	⅞
San Diego Gas	38½	+	1¾
Falls			
SCE Corp.	32⅛	−	½
UAL	104	−	1½

PARIS (FFrs)

Rises			
BP France	70.9	+	4.4
Imetal	276	+	9.5
Lab R. Bellon	1650	+	53
Raffinage	69.5	+	2.5
Salomon	2250	+	120
Falls			
Moulinex	107.9	−	4.1

TOKYO (Yen)

Rises			
Kinugawa Rub	763	+	62
Shinagawa Ref	1110	+	80
Naigai	790	+	55
Falls			
Dai Nppon Tor	1150	−	110
Inui Steam	1040	−	90
Kyoei Tank	799	−	66

New York prices at 12.30.

LONDON (Pence)

Rises			
Chemoxy Int.	255	+	10
Euro. Leisure	71½	+	4
Lonrho	389	+	7
Falls			
Treas 10pc '03	£102 7/32	−	11/32
Amstrad	163	−	9½
Bass	780	−	20
Berkeley Grp.	249	−	25
Booth Inds.	109	−	9
Brit. Aero	443	−	21
Brit. Land	361	−	21
Enterprise Oil	506	−	14
Glaxo	£10⅝	−	3/16
Glynwed Int.	277	−	16
Grand Met	447	−	12
ICI	988	−	18½
LWT	167	−	13
Land Sec.	583	−	18
Lowndes Q'way	59	−	5
Marley	148	−	12
Pearson	679	−	25
Persimmon	147	−	16
Rothmans	448	−	16
STC	258½	−	11½
Taylor Woodrow	596	−	15

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	13	55	Dallas †	C	19	66	Madeira	S	19	66	Prague	C	3	37
Algiers	S	15	59	Dublin	S	5	41	Madrid	S	7	45	Reykjavik	C	7	45
Amsterdam	C	8	46	Dubrovnik	S	9	48	Majorca	F	12	54	Rhodes	C	19	66
Athens	R	12	54	Edinburgh	F	8	46	Malaga	C	14	57	Rio d'Janeiro		–	–
Bahrain	S	23	73	Faro	R	16	61	Malta	C	13	55	Rome	F	7	45
Barcelona	S	10	50	Florence	F	6	43	Manchester	S	4	39	Salzburg	Sn	1	34
Belfast	S	3	37	Frankfurt	C	3	37	Melbourne	C	17	63	S'Francisco †	C	13	55
Belgrade	Sn	-5	23	Geneva	S	2	36	Mexico City		–	–	Santiago		–	–
Berlin	R	6	43	Gibraltar	R	15	59	Miami †		–	–	Seoul	F	0	32
Biarritz	S	8	46	Glasgow	C	7	45	Milan	S	3	37	Singapore	F	31	88
Birmingham	C	6	43	Guernsey	C	8	46	Montreal †	S	-5	23	Stockholm	S	2	36
Blackpool	C	5	41	Helsinki	S	2	36	Moscow	S	-11	12	Strasbourg	C	3	37
Bombay	S	29	84	Hong Kong	S	21	70	Munich	C	0	32	Sydney	S	22	72
Bordeaux	S	7	45	Innsbruck	S	-2	28	Nairobi		–	–	Tangier	C	15	59
Boulogne	F	6	43	Inverness	S	7	45	Naples	S	9	48	Tel Aviv	S	25	77
Bristol	C	4	39	Isle of Man	F	8	46	Nassau		–	–	Tenerife	S	22	72
Brussels	C	7	45	Istanbul	R	5	41	Newcastle	S	6	43	Tokyo	S	11	52
Buenos Aires		–	–	Jersey	S	9	48	New Delhi	S	24	75	Toronto †	S	-2	28
Budapest	Sn	-3	27	Johannesburg	S	29	84	New York †	S	3	37	Tunis	C	11	34
Cairo	S	25	77	Las Palmas	F	23	73	Nice	S	10	50	Valencia	S	11	52
Cape Town	S	24	75	Leeds	S	7	45	Nicosia	S	21	70	Venice	S	3	37
Cardiff	C	5	41	Lisbon	F	12	54	Oporto	R	9	48	Vienna	C	1	34
Chicago †	S	6	43	Locarno	S	3	37	Oslo	C	2	36	Warsaw	C	5	41
Cologne	C	6	43	London	C	7	45	Paris	C	6	43	Washington †	S	1	34
Copenhagen	C	8	46	Los Angeles †	R	9	48	Peking	S	6	43	Wellington	S	18	64
Corfu	F	12	54	Luxembourg	C	3	37	Perth	S	23	73	Zurich	F	1	34

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures

Al Fayed referral Continued from Page 1

Appeal judges gave Lonrho leave to seek a judicial review of Lord Young's decision to await the views of the Serious Fraud Office before deciding if and when to publish the report.

At the core of Lonrho's case against the Al Fayeds were two allegations. They were that certain facts about their family background and financial resources were misrepresented at the time of the House of Fraser bid, with the aim of influencing the Government not to refer the bid to the MMC; and that the Government acted unfairly in allowing the bid from the Al Fayeds to jump all regulatory hurdles in a matter of days when Lonrho's own bid in 1981 was frustrated by the MMC, which ruled that a Lonrho takeover of the Harrods group would be against the public interest.

Lonrho's ultimately unsuccessful attempt to win control of the Harrods stores group began in February 1977.

Mr Paul Spicer, a Lonrho director, said yesterday that Lord Young's decision allowed the Al Fayeds to keep what he termed their "ill-gotten gains." He also accused the government of attempting to suppress the report's findings.

By contrast, House of Fraser said that the decision at last removed uncertainty hanging over the company and was thus to be welcomed.

Lord Young's decision turned the spotlight away from Lonrho's own predicament as a possible takeover target at the hands of Mr Alan Bond, the Australian entrepreneur who has a 21.5 per cent stake in the company. Speculation about Mr Bond's intentions prompted a 7p rise in Lonrho's share price to 389p despite a stock market rout in the the wake of the UK's trade figures.

Oil prices Continued from Page 1

The outline deal which Mr Aghazadeh will present to his government envisages a cut in total Opec production from about 22m barrels per day at present to 18.5m b/d.

The proposals give Iran a higher production quota and an $18 a barrel target price. However, Tehran would also have to accept giving Iraq an equal production quota, which it has refused to do for many years.

The proposals would lift Iraq's nominal quota from 1.5m b/d to to 2.64m b/d, some 80,000 b/d below its present production. The largest cuts from present levels of output would be made by Saudi Arabia, Kuwait and the United Arab Emirates, all of which are producing well above their quota levels.

Even the sharp cut-back in production now envisaged will result in only a slow reduction in the very large stocks of oil now overhanging the market. Mr Mehdi Varzi of Kleinwort Benson, said that Saudi Arabia alone was estimated to have 70m to 80m barrels of oil on the high seas.

The ministers remaining in Vienna were working out final positions on the outline deal yesterday, including the amount of production which each member would sacrifice from its quota share to bring Iraq up to parity with Iran.

Mr Issam Abdul Raheem Al-Chalabi, the Iraqi minister, said the cartel intended to lift oil prices to $18 within a few months. He also pledged that Iraq would reduce its production and adhere fully to the agreement as soon as it takes effect on January 1.

However, the possibility of weak oil prices for many months has also raised concern that Opec members would be tempted to overproduce to increase revenues.

THE LEX COLUMN

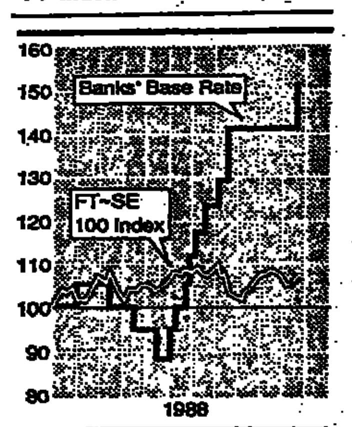
Another fine mess for equities

When Mr Lawson appears before the Treasury Committee next Wednesday to discuss the Autumn Statement, he will have some explaining to do. The forecasting record was looking tattered already, but now we have estimates of a £13bn trade deficit this year and fourth quarter inflation of 6¼ per cent being overtaken almost as soon as uttered. The 7 per cent figure for next year's inflation peak looks equally shaky, given the likelihood of another point on mortgage rates in the New Year (too late, of course, to depress Christmas consumer spending). The market, which was mostly disposed until yesterday to regard 12 per cent as a base rate ceiling, is not now prepared to dismiss the possibility of 14 per cent by the Budget.

About the only market in which Mr Lawson can still appear credible is that of foreign exchange. By apparently countenancing a drift up towards DM3.20, the Chancellor is at least ensuring that pressure continues to be exerted on producers as well as consumers. The picture is complicated, though, by the grisly possibility that the Fed may be under pressure shortly to raise the US discount rate. Indeed, Wall Street itself is a worry; as the oil price rises, US bond yields are creeping up, and the equity rally of the past ten days was yesterday showing signs of petering out.

On a longer view, it is possible to argue that none of this really affects the UK equity market at all. Yesterday's 38-point slump in the FT-SE took it back to where it was a fortnight ago, in the middle of the year's trading range — and, indeed, just 7 points higher than it was at the end of the first week in January. The market is going nowhere, and 13 per cent base rates merely make it easier for fund managers to sit on their cash. Whether you believe in a soft landing or a hard one next year, there is no incentive to do anything about it now.

FT Index fell 31.1 to 1,462.8



Oil prices

Opec ministers could get up to just about anything in Vienna while their Iranian colleague, Mr Gholamreza Aghazadeh, is away checking things out with the Ayatollah. But it is looking likely that all 13 of them — including someone from Iran — will soon be sitting down to sign a bit of paper which could do quite a lot for oil prices, at least in the near term.

Yesterday's market seemed to view the agreement as somewhere between two-thirds and three-quarters of a done deal: Brent crude prices rose $1.70 a barrel on the day, and might rise 50 cents or $1 more if and when the ministers put pen to paper. The timing of that grand event will depend, of course, on whether Mr Aghazadeh has a fruitful time in Tehran. He can scarcely be blamed for wishing to highlight the difficulty of Iran's decision to accept the hated parity with Iraq — or for wishing to spread the political risk of such a decision by insisting on approval from his masters. But the agreement also includes consolation prizes for Iran: its quota would rise by 11 per cent, well above the 6 per cent rise in the organisation's overall ceiling.

Deal or no deal, the UAE will probably carry on doing its bit for over-production. But a signature alone could well mean $14 or $15 a barrel for Opec crude to the end of the year. The first quarter of 1989 may well be another matter, though: prices could droop again under the influence of massive stocks; and the market will no doubt retain a healthy scepticism towards Opec's production intentions until they become fact.

UK property

The current UK property boom is already the longest in 18 years: property shares have massively outperformed the stock market for the last couple of years, and UK interest rates are at their highest level since the beginning of 1985. It is the sort of background which might make the more nervous investors tiptoe towards the exit, but, rather surprisingly, it has done nothing to stem the wave of bid activity in the UK property sector.

This week's £1.8bn bid for Hammerson, the continuing speculation surrounding the future of Mountleigh and yesterday's £269m Peel bid for London Shop, underline the dramatic difference in confidence levels in the UK equity and property markets. It is hard to imagine, for example, the chairman of a UK industrial company following the example of Peel's chairman, Mr John Whittaker, who is putting up £55m of his company's £121m rights issue. He is either a very confident or foolish man, and the same goes for the bankers who have been lending an increasing amount of money to UK property companies on a non-recourse basis.

Despite the gloom in the equity market, the surprising confidence in the property sector seems reasonably justified for the moment. Apart from the traditional supply and demand arguments, the direct property market is underpinned by an average yield almost 3 percentage points higher than equities, and an institutional sector which has run down its involvement to historically low levels. According to WM Company data, the returns on property investment have lagged the returns on equities and gilts on a five, 10 and 14-year period. While the UK property market will turn down at some stage, at present it still has some catching up to do. It would be a brave fund manager who predicted that equities will outperform property for the next year at least.

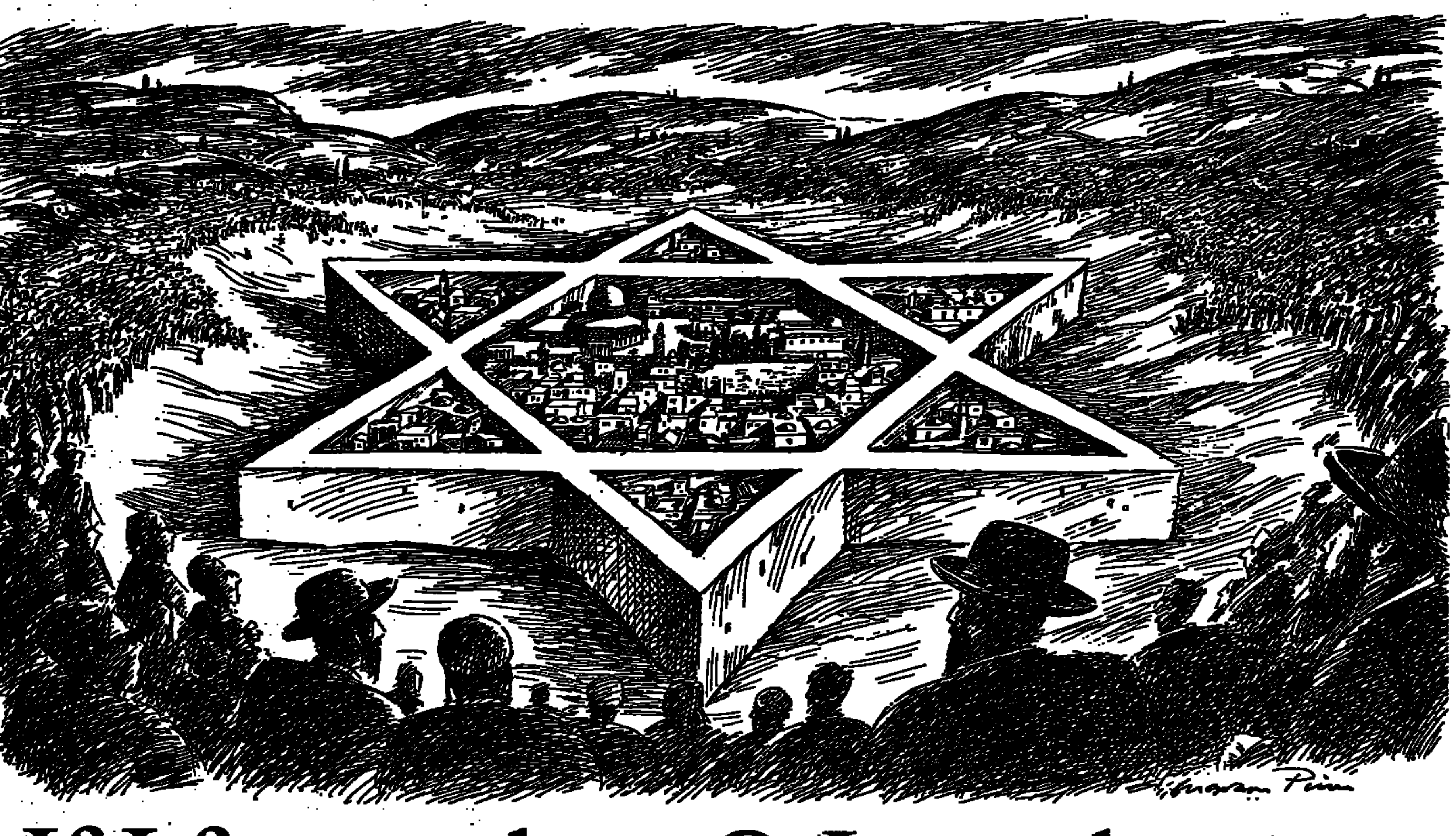
Takeovers

After the confused sounds on takeovers emanating lately from the CBI, it was useful to have the chairman of the Takeover Panel gently pointing out yesterday that the owners of companies have rights as well. Allowing boards to suspend the voting rights of hostile share stakes, or to require that two-thirds of shareholders vote in favour of a takeover, is to grant them powers to which they are scarcely entitled. What Lord Alexander was too courteous to point out is that managements do not have the solidarity in these matters which the CBI claims for them. As was apparent in last year's debate on short-termism, the average manager wants to be simultaneously immune from takeover and free to take over others; and that is hardly a debate with which shareholders need concern themselves.

Weekend FT

SECTION II

Weekend November 26/November 27, 1988



If I forget thee, O Jerusalem . . .

*Israel's Orthodox upsurge is worrying Jews in the West. **Elon Salmon** explains why it alarms the diaspora*

ISRAEL IS HAVING the worst of times. While the PLO's action in declaring an independent state has put it diplomatically on the ropes, its own inconclusive election result has made it impossible for Israel to respond imaginatively. Equally important, there is confusion and anguish among large sections of the Israeli public because of the increased power of the religious bloc, without which neither Likud nor Labour can form a government.

The religious parties demand a great deal – and one demand in particular is straining the relationship between Israel and the Jewish diaspora even more than did Israel's invasion of Lebanon in 1982 and its aftermath, up to and through the Palestinian uprising in the occupied territories. That demand concerns the perennial issue of "Who is a Jew?"

Orthodox Jews – whose version of Judaism is the only one officially recognised and politically organised in Israel – insist that only people born of Orthodox Jewish marriages, or converted by Orthodox rabbis, may be defined as Jews and, therefore, be eligible for instant Israeli citizenship under the Law of Return. But in the diaspora – particularly in the US – Reform and Liberal Jews, who interpret rabbinical law slightly differently, outnumber the Orthodox.

They refuse to let their Jewishness be questioned and judged by the authorities of a rival tradition. Mindful of the diaspora, successive Israeli governments have until now withstood pressure on this issue. Now, at last, the religious bloc holds the trump card.

Most Jews in the West still think of Israel as a predominantly Ashkenazi, European-style democracy, living on the values which won the admiration of the world 40 years ago when the Jewish state was created. In the beginning, Israel was predominantly secular, and socialist. Mass immigration from North Africa, Asia and Arab countries in the 1950s changed this.

The new immigrants were religious, and Orthodox, but tended at first to vote for secular parties – Labour or Menachem Begin's nationalist Herut. Subsequent immigrations became increasingly religious, particularly after 1967. Even then, the political fortunes of Israel's religious parties improved only marginally, but the religious components of Israeli society were strengthened steadily.

The state of Israel has given diaspora Jews a sense of pride, a new dimension of national awareness and a taste of power. They want to feel proud of Israel. They want Israel to be liked and admired because what Israel does, and how it is seen, affects how they see themselves and how non-Jews see them.

A Labour victory in 1988 would have restored some of the lustre Israel had lost. Willingness to enter into internationally-sponsored peace negotiations, with readiness to exchange territory for peace, would have looked good. The image of intransigent religious nationalism would have blurred; the slur of racism would have lost its edge.

Behind such anxieties, though, lurks another profound concern which is shared by the vast majority of Jews and Israelis: a fear for Israel's security and survival. This fear nags like a deep-seated reflex that will not be put to rest. Anyone who fails to appreciate this will never understand Jewish mentality.

Come Passover, Jews the world over will be saying, as they have been saying for centuries: "Next year in Jerusalem." Few will fulfil the pledge. For although Israel has become the most powerful contemporary symbol of Jewish identity, its attraction as a country where Jews actually want to live has waned to near insignificance in the past 10 years.

Jews still raise funds for Israel with undiminished commitment. (Here, as always, and as in everything else, American Jews take the lead. Numbering more than 6m, they are the largest, most creative and most assertive Jewish community in the world). But *aliya* (Hebrew for "ascension", implying spiritual elevation in immigrating to Israel) has virtually stopped.

Soviet Jews, given half a chance, opt for the US. South Africans, traditionally the most committed Zionists, migrate to Britain, the US, Canada; the land where the Zionist dream took hold comes low on their list of priorities. The same goes for Latin American Jews. The few who do make *aliya* mostly are religious.

Israeli leaders have stressed repeatedly that the Zionist enterprise was a joint partnership between Israel and the diaspora. It has been an uneasy, unequal partnership: Israel operated its reality; the diaspora supported, uncritically.

Israel's invasion of Lebanon in 1982 created a deep depression in the Israel-diaspora relationship. But mutual commitment was not weakened for, in his heart of hearts, every Jew feels that Israel's demise would be a catastrophe of such magnitude as to defy imagination.

Two closely-linked Israel-based organisations – the World Zionist Organisation (WZO) and its constituent, the Jewish Agency, both of which preceded the state – work to nurture Israel's bond with the diaspora. During the British Mandate and before, the Jewish Agency was the governing body of Palestine's Jewish community. Today, the agency is the recipient of the funds raised in the diaspora by Jewish organisations such as the Joint Israel Appeal in the UK, and its corresponding United Jewish Appeal in the US. The Jewish Agency uses the money for, among other things, new settlements, and for sustaining its own bureaucracy and that of the WZO.

In its vocation to keep the flame of Zionism alive, the WZO might be compared with a mission. Its ties with the diaspora are maintained through local Zionist federations which it finances with funds received from the Jewish Agency. The comparison with a mission is apposite since present-day Zionism, bereft of pragmatic content and programmatic ideology, resembles a creed more than anything else.

In-gathering the diaspora has not lived up to Zionism's idealistic expectations: nearly a century after Zionism took on form and direction in 1896's first Zionist Congress, in Basel, most Jews still live outside the Jewish state – close to 9.5m of them, spreading virtually all over the world. So the relationship between Israel and its diaspora has settled on a sort of face-saving compromise: no need to make *aliya*; enough to wish to do it. And if you recognise Israel's centrality in Jewish existence, you are a Zionist. How many Jews could quarrel with that?

There are more than 1m Jews in Western Europe. The largest community is in France; numbering a little over 500,000, it has been swelled by Jews from north Africa who preferred France to Israel. Britain, with some 340,000, comes second. But in terms of active commitment, it leads Europe: Israel, in one way or another, is at the centre of activities of all British Jewish organisations, from the Board of Deputies – the official representatives of British Jewry – to the underfunded, poorly-staffed and largely-ignored Zionist Federation.

As in all diaspora communities, the main dividing lines are religious and relate to the degree of orthodoxy. In Britain, the Orthodox are the main stream. Active affiliation to Israel follows Israeli political parties' lines, like supporters' clubs. Rivalries are sharp and often acrimonious but a basic rule operates across the board: criticism of Israeli policies, and of Israel in general, is muted. To the outside, Jews must appear solidly behind Israel.

From its headquarters in North Finchley, London, the Joint Israel Appeal (JIA) collects donations and keeps a strictly apolitical stance. Its annual takings range from £16m to £20m. Some of that money is passed indirectly to the coffers of the British Israel Public Affairs Committee (BIPAC), a body modelled loosely on the American Israel Public Affairs Committee (AIPAC) but lacking the latter's clout and expertise. The generous response of British Jews to the JIA's fund-raising suggests that here, as elsewhere, support for Israel has survived the difficult days of the Lebanon war, its aftermath, and the Palestinian uprising.

Earlier this year, I was at a meeting where the question of giving money to Israel via the JIA was raised. A regular donor said to me: "I give. It's a kind of insurance policy." I thought it was a strange thing for a Jew in the West (in Britain, especially) to say nowadays. But I recognise such a response as a remnant of insecurity which still lurks in the souls of European Jews and influences their attitude to the Jewish state.

American Jews have no such hang-ups. They feel at home: totally American and at ease with being Jewish. When Jonathan Pollard, an American Jew, was convicted two years ago of spying for Israel, US Jews were outraged and stupefied. Not out of fear of an anti-semitic reaction, but at Israel's stupidity in spying on its closest friend and ally. The "Zionist dream" cuts little ice with most American Jews who, though committed to Israel, do not see themselves as Zionists.

Yet, Israel has made American Jews proud and confident. It also brought them political power, which had eluded them despite remarkable successes in all other walks of life. That power now cements the hugely diversified American Jewish community in a common purpose, at the centre of which is Israel.

There are more than 10,000 Jewish organisations in the US. One of the oldest and most respected is the American Jewish Committee, which is also a moderating force in the much-vaunted Jewish lobby. The AJC publishes the influential monthly Commentary, edited by Norman Podhoretz. American Jews want a popular Israel and television does not help, he says, but support for Israel has not diminished – even with the Lebanon war, even with the way Israel has been dealing with the Palestinians in the Occupied Territories.

Many Americans still see Israel as depicted in Uris's Exodus. Jewish criticism of Israel in the US comes from "liberals," a word with negative connotations on the right of American politics. "Liberal Americans are more critical of Israel. That's why liberal Jews are unhappy," Podhoretz explains. The fact that Jews still vote overwhelmingly Democrat does not necessarily put them in the "liberal" camp. Jews who are prepared to take a stand on the question of territories, I was told, were less than a quarter of the community.

But the question of "who is a Jew?" is the one issue which would alienate American Jews and send even Podhoretz himself to the barricades. Indeed, American Jews' reaction to Likud's negotiations with the religious bloc has been strong enough to make prime minister Shamir consider seriously the alternative of another uneasy coalition with Labour.

Two things will touch raw nerves with American Jewish leaders. One is the suggestion that American Jewry gives unqualified blanket support to Israel. The other is the question of the "Jewish lobby." All communal leaders insist that there is no "blanket" support; criticism is voiced, in many places, by many Jews. However, solidarity with Israel remains undented; it cuts across divergence of opinion and organisational diversity.

Most insistent on that is Malcolm Hoenlein, executive director of the Conference of Presidents of Major American Jewish Organisations, an umbrella body for the 40 biggest and most influential Jewish organisations in the US. His office in Park Avenue, New York, is suffused with executive efficiency. An Orthodox Jew, Hoenlein wears a kippa. He answers my questions in a concise, well-rehearsed manner: there is no blanket support of Israel but criticism of policies is kept inside, conveyed directly to Israeli leaders rather than aired publicly. There are no conditions to American Jewish support of Israel (the contradiction passes unnoticed); Americans support Israel not because of the Jews but because Israel is a stable democracy, a strategic asset, etc. His stance confirms what I was told by another, more expansive and less cautious Jewish personality: you don't rock the boat and you don't give "Israel's enemies" any ammunition. That's the name of the game.

Continued on Page XXIII

The Long View

When miracles are not quite enough

MAYBE COMPANIES as varied as Courtaulds and the S. G. Warburg Group have provided reminders this week that profits do not always go up. But the British profits miracle remains the most potently bullish factor supporting UK share prices. And as investors continue to hang back, the obvious question is whether they really know something that corporate executives and stockbrokers' analysts apparently do not - about interest rates, for example.

Profits and dividends reported for 1988 are likely to show growth of 15 per cent, continuing the excellent run of the past few years. As for 1989, broker Phillips & Drew is in the process of upgrading its estimates of pre-tax profits growth for industrials from 10 to 12 per cent.

Sheer momentum dictates that next year will produce a reasonable outturn: to predict a figure of much less than 10 per cent, you would need to assume more or less a profits standstill in the second half-year. Putting it another way, real pessimism about the 1989 numbers would have to be based on evidence that a serious slowdown was under way already. And although things may not be too buoyant in some corners of the UK economy, such as the housing market in the south or electrical goods retailing, this certainly does not apply as a general rule.

The latest national income figures show that the economic boom was continuing merrily into the third quarter. In the first nine months of the year, gross domestic product was 5.6 per cent higher than in the same period of 1987.

Businesses that could not raise their profits smartly against that kind of economic background would not be worth very much. Given that prices have been rising at an accelerating rate in spite of hefty productivity gains (some 7 per cent a year in manufacturing, where employment continues to fall at the same time as output is growing rapidly), it looks as though profit margins have been widening.

Companies are being managed for profit, which is encouraging for shareholders – but less so for the economic forecasters at the Treasury who are assuming that, next year, managements will tighten their belts and switch their attention to tough export markets. They just might cut back output instead.

However, it is important to see recent profits performance in the context of the 1980s as a whole. There has been a secular upward shift in the level of company profits in Britain after the dismal experience of the 1970s when inflation, price controls and poor economic growth combined to impoverish the corporate sector.

In 1980 and 1981, gross trading profits net of stock appreciation were only around 11 per cent of GDP. That figure is now above 18 per cent. The shift has occurred in two stages, interrupted by a temporary reversal in 1986. The second, and present, growth of the profit share has taken it to historically high levels. Thus, the Bank of England reckons that the real rate of return on assets achieved by the corporate sector (excluding North Sea oil production) has climbed from 3 per cent in 1981 to more than 11 per cent this year.

BARRY RILEY

The outlook for British listed companies is still set fair. But investors continue to worry — and perhaps with good cause

Looking at it internationally, the UK appears to have moved over this period from near the bottom of the profitability league table to somewhere in the top half.

Manufacturing investment at last seems to be responding to this profits bonanza, and the latest official forecast is for a rise of 18 per cent in 1988 (which is fine until you look at the impact on the trade figures).

There is no reason to doubt the durability of the British profits revival. Profitability has risen close to levels long enjoyed in countries like Germany. With the rapid growth in trade and in international corporate connections, leading up to the 1992 developments within the European Community, it is natural that business profits should tend towards an international norm.

On the other hand, it is likely that the major relative gains have now been seen. The UK is not in a recovery situation any more. Further rapid profits growth would leave it competitively vulnerable. So, it is unsafe to predict growth much faster than GDP – which, in money terms, would throw up a figure something like 10 per cent for 1989.

You have to bear in mind, however, that the economist's version of the UK corporate sector is one thing, but the listed company sector is another. The most important difference is that listed companies have extensive overseas operations – which, according to P & D, are responsible for nearly two-fifths of profits. Around a sixth of the profits total depends directly on the sterling/dollar exchange rate.

Then again, the pre-tax profits trend may be different from that at the earnings-per-share line: in 1987, EPS growth lagged significantly because of the high level of new issue activity, but there should not be the same gap this year.

All of which brings us back to the paradox: why is the stock market failing to react more enthusiastically to this optimistic picture? For a good nine months, the UK market has been locked within its narrow trading range and the last time it tested the ceiling – at 1,880 on the Footsie Index during October - it retreated hurriedly to below 1,800.

Well, yesterday we found a reason. The market had for three months remained unconvinced that 12 per cent base rates would prove high enough. The central contradiction has been that the more buoyant the economy and the more ebullient the corporate sector, the more difficult it has been to swallow the official view of a soft landing for the economy next year. The alternative scenario would include a crunch. And after a £2.43bn monthly trade gap, that suddenly looks much closer.

CONTENTS

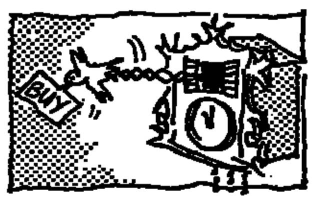
MARKETS

FINANCE & THE FAMILY: THIS WEEK

Government rolls out privatisation plans

This week's Queen's Speech and the publication of the Water Bill confirmed the relaunch of the Government's privatisation programme. Clare Hodgson looks at the new drive for "popular capitalism." Page III

Swiss role seems set to change



The Swiss stock market has survived the revolution imposed on it by Nestlé, which is to allow foreigners to buy its registered shares — but things may never be the same again. William Dullforce reports. Page III

Cleaning out the cowboys

City watchdog Christopher Sharples forecasts that all the "undesirables" which have applied to be authorised as futures market operators will have been weeded out by Christmas. Barry Riley reports. Page V

A new ball game for brokers

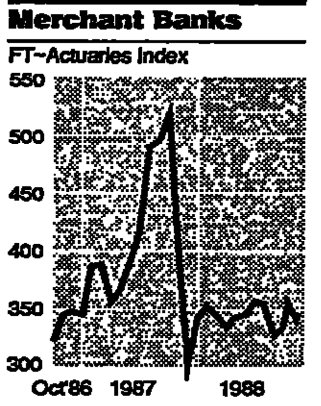
It used to be just football players who made headlines in the transfer market. Now, however, when a team of investment analysts moves, it's hot news. Heather Farmbrough dines out on the PR revolution. Page VII

■ COMPANIES: Week Ahead, Results: Page IV

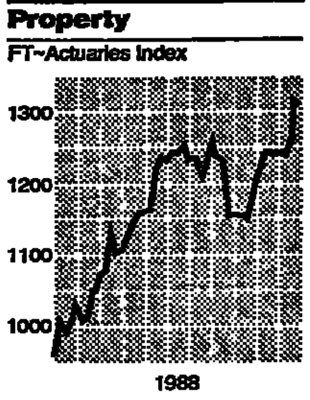
■ INVESTMENT: Phased investment plans: Page VIII

■ BRIEFCASE: Your questions answered: Page VIII

Merchant Banks



Property



More gloom for merchant banks

Merchant bank shares continue to perform badly, relative to the market, amid concerns that conditions in securities trading activities have been, and will remain, very difficult. Talk of further, major redundancies in the securities business and investment banking continued to overhang the sector. These worries have been only partly offset by increases in merger and acquisitions business. Uncertainty about earnings is likely to keep ratings low in the sector, analysts say. This week saw interim figures at the bottom end of the range from SG Warburg, the biggest of the merchant banks. A profits downgrading is said to have been responsible for some keen selling of Kleinwort Benson shares. Some of the speculative froth has gone from Morgan Grenfell, where there are suggestions that the near 9 per cent stake controlled by Alan Bond could be sold at below market prices. *Stephen Thompson*

Property shares shine

According to Datastream, and before yesterday's trade figures left blood all over the statistics, property shares had outperformed the market by 7.2 per cent over the last month and 24.8 per cent over the past year. The market had been anticipating takeover activity in November. Earlier this year, property shares had a fine run, until the August burst of interest rate rises, on the strength of the direct property market. Property investment companies, rather than developer/traders, saw most of the benefit. *William Cochrane*

Mortgage rates likely to rise

Following Friday's 1 per cent base rate increase, a further round of mortgage rate increases is now inevitable. Banks and building societies will probably try and hold their rates just under the 14 per cent mark. Mortgage holders, who have seen rates go up by roughly 50 per cent since April, now face yet another squeeze. The latest increase will mean an extra payment of around £23 a month on endowment mortgages of £30,000; £44 on £50,000; £75 on £80,000 and £96 on £100,000. Most increases may not take effect till the New Year. Rates are likely to stay around 14 per cent for at least the first quarter of 1989, and possibly well beyond. *David Barchard*

New Abbey Life merger proposal

For the second time in six weeks, shareholders of Bournemouth-based Abbey Life face the task of absorbing complex proposals for a £1.1bn merger between Abbey and five of Lloyds Bank's retail financial services businesses. Viewed by Abbey's chairman Michael Hepher as a cunning scheme to put his company way ahead of its life assurance competitors, the first version of the plan was torpedoed on November 14 when large shareholders, including Standard Life and the Postel pension funds, voted it down. But Hepher has now constructed a slightly amended version of the deal, rendered more attractive by the inclusion of a special £42m dividend payment. Most City observers expect it to be ratified at an Abbey egm on December 9, *not least* because some technical alterations mean that the plan now needs only a 50 per cent majority to be approved, rather than the 75 per cent required by the original deal. *Nick Bunker*

LONDON

Economic body-blow crushes festive spirits

CHRISTMAS lights may already be twinkling, and shopping malls crammed to overflowing, but it all merely serves to squash any embryonic festive mood which the City might entertain.

Yet again, Britain's monthly trade figures hung over the London market all week. And yet again, their actual publication on Friday proved a nightmare for dealers.

The figures for October showed a gaping £2.43bn deficit on the current account — "much, much worse than anyone was expecting," groaned one economist.

Many analysts had been pitching their forecasts at around the £1bn level, somewhat encouraged by the reduced £560m figure recorded in the previous month and hopeful that the higher interest rate climate was, indeed, choking off domestic demand. Even the more pessimistic spirits were only forecasting around £1.5bn and never envisaged a return to anything like the £2.15bn gap that proved so disastrous for the market in July.

While that news was grim enough to send the London market an immediate 20 points lower, action on the interest rate front poured swift and painful salt on this extremely sore wound. By lunchtime, the banks had raised their base rates by a full percentage point to 13 per cent. The market promptly doubled its loss, and by early afternoon the FT-SE 100 Share Index had lost almost 50 points.

In mitigation, the trade figures have probably been thrown askew by the postal strike, through spin-off effects on accurate compilation, for the past couple of months. Even so, the message was writ large: the existing interest rate climate has yet to produce the degree of spending check which the authorities are seeking. The only question now is how tight the tourniquet must be turned in order to generate some visible effect.

Friday's news finally put paid to what had been, at best, a tentative rally in the previous trading days. Monday saw an unsettled start to the week, with the prospect of trade figures in the UK and holidays in the Japanese and US markets overshadowing any significant action.

But come Tuesday and Wednesday, the mood turned noticeably brighter — thanks partly to a good dose of speculative stories, an encouraging Queens Speech and a more optimistic tone on Wall Street. On Wednesday, rumour even hardened into fact, with a £1.3bn offer being launched for Hammerson Property and Development Corporation, Britain's third largest property company.

Trading volumes, too, matched the improvement in sentiment. From the miserable 360m shares shown to have been traded by the Seaq system on Monday, business smartened to almost 490m on Tuesday and then an almost healthy 580m on Wednesday.

However, by Thursday the mood was turning as publication of the trade figures drew near and one trading house hit the market with a £50m sell programme. By the close, the FT-SE 100 Share Index had eased 4.1 points to 1,833, after gaining over 26 points in the two previous sessions combined. A mere 18 hours later, as TOPIC screens became a sea of red, that rally was a distant memory.

No doubt the latest statistics will produce another flurry of speculation over the economy's future, more distressed hand-wringing, further panic attacks in the market — and precious little hard information. That, arguably, is the hardest bullet for investors to bite. However convincingly the economists do their sums, the fact is that no-one knows exactly when and to what extent the Government's measures will have the required effect. In the meantime, the market — having seen its hopes dashed so often — can only grow increasingly cautious.

Perhaps the one compensation for London dealers is the high degree of activity on the takeover front. Indeed, a glance at this week's figures from S.G. Warburg, one of the London's largest intergrated houses, spelt the message out plainly. Overall, its pre-tax profits were down from £76.8m to £47.8m in the 12 months to end-September. Within this total, the merchant banking and securities arm turned in £33.6m against the previous £57.2m.

Although Warburg did not produce a more detailed breakdown, it did concede that fixed income business on the securities side was loss-making, while margins on the equity front were being damaged by the market-makers "spreads" war and the low volume of turnover. Corporate advisory work — in which Warburg has been one of the most prominent houses of late — was "strongly profitable."

Certainly, the mega-bids just keep coming. After the £1.7bn blockbuster from GEC-Siemens for Plessey last week, it was the turn of the Dutch Rodamco property investment company to alight on Hammerson, Britain's third largest property group, this week. Rodamco have been here, on a smaller scale, before, winning a hostile bid battle for Haslemere Estates two years ago. And the response of the market was simple: it looked at Hammerson's valuation system, shrugged off the Rodamco offer as a sighting shot, and promptly calculated assets per share at anything from 900p upwards. Hammerson's "A" shares jumped 179p to 854p, and the heavier voting ordinaries added 156p to 895p.

'Yet again, the publication of the monthly trade figures proved a nightmare for dealers'

Still, one man's meat is another man's poison, and if the takeover aspect of corporate finance scene remains lively, the latest plunge in market levels is no help to the new issue specialists. Nowhere can Friday's collapse of the London market have been watched with less glee than at British Steel — destined to make its market debut on December 5.

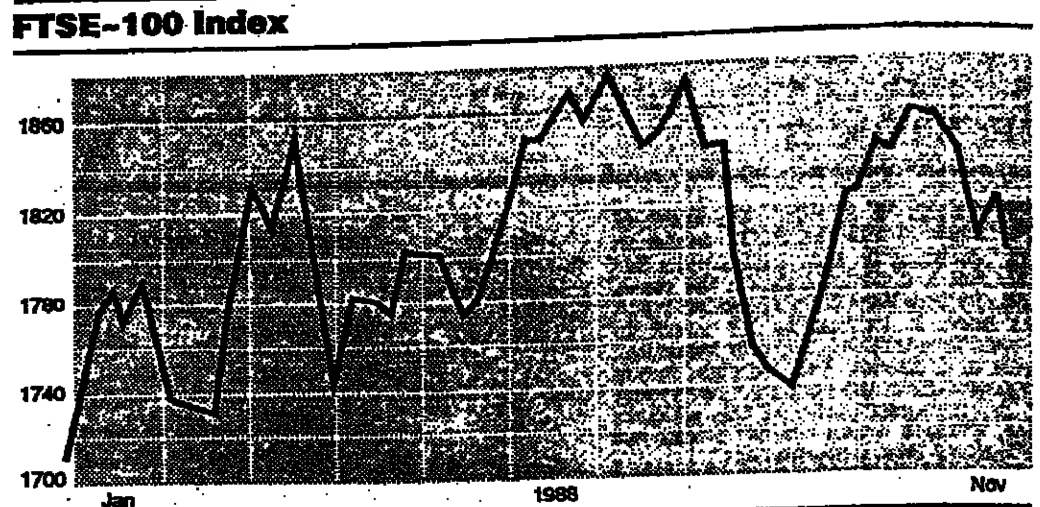
The pricing of the issue was announced on Wednesday and, contrary to some analysts' suggestions, the offer terms were pitched at the lower end of expectations at 125p a share. The figure gives British Steel a market capitalisation of £2.5bn.

Whilst the immediate political reaction was a sharp accusation of underpricing, the rationale was painfully apparent two days later. The yield is probably high enough to keep income-oriented institutions interested, but the staggering prospects look to have been vastly over-rated in the immediate post-pricing comment.

And if the Sids do think twice, they could hardly be blamed. These days, the sidelines look an increasingly comfortable place to be.

Nikki Tait

FTSE-100 Index



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988 High	1988 Low	
FT Ord. Index	1462.6	-26.4	1514.7	1349.0	Increased UK trade deficit
Abbey Life	280½	+11	348	226	Revised link-up terms with Lloyds
Brit. Aerospace	443	-30	517	323	Market downgrades profits forecasts
Collins (William)	813	+28	835	525	Bid from News Intl.
Cundell Group	167	+31	169½	125	Offer from Crown Industrial
Eurotunnel Units	432	+43	442	232	Paris buying/drilling going well
Hammerson A	862	+202	868	494	Bid from Rodamco
Magnet	194	-21	262	187½	Disappointing results
Morgan Grenfell	292	-23	355	236	Fading bid hopes
Questel	205	+50	223	136	Receives bid approach
STC	258½	-25½	301	219½	Talk of possible bid for Plessey
Scholes (G.H.)	288	+21	300	172	Bid talks with Hanson and ABB
Storehouse	221	+35½	290	167	Stake-building speculation
Waddington (J.)	192	-14	214	177	Results and acquisition
Woolworth Hldgs.	261	+15	307	232	Strong stores sector

WALL STREET

A turkey for Thanksgiving

AS RALLIES go, it was a scrawny little turkey that Wall Street laid on its Thanksgiving table. But at least it was something for which investors and traders could be grateful.

Weighing in at a mere 54 Dow points, the improvement was remarkably durable. The market scratched, pecked and gobbled its way up the hill for five sessions straight before Thursday's holiday. The only longer unbroken climb this year was back in April.

However, Wall Street usually knows a turkey when it sees one. Few mistook this rally for a phoenix rising from the ashes of the post-election fire sale. Nothing fundamental had changed for the better. The dollar slipped further and interest rates edged higher. Most people considered the uptick a reflex response to the 132 point selloff that greeted George Bush's election to the presidency.

Perhaps the market's anxiety over Bush's economic policies abated a bit. His appointment of Richard Darman, a respected Washington political operator, as budget director was balm of a kind. But in reality the biggest factor was Wall Street's inability to stay worked up about anything for longer than a week at a time.

Even if the specific causes of concern have receded somewhat, the overall tone of the market shows no improvement. Bears still outnumber bulls by four-to-one, according to the latest count by Investors' Intelligence, a market newsletter.

Chances are high that many investors will sit out the remaining five weeks of the year, leaving the market to bounce around, little changed in thin and choppy trading, believes Brian Luedtke, technical analyst for Piper Jaffray of Minneapolis. He pins some hope for the New Year on a rerun of 12 months ago. The markets rallied strongly when the dollar bounced back with the help of strong central bank intervention. It was short-lived, however, with stocks taking a 140-point dive in the fifth session of the year.

This New Year could be equally as volatile, cautions Hugh Johnson, chief investment officer of First Albany, a securities firm based in New York's state capital. Bush has pledged to begin budget talks with Congress on his first day in the White House. Investors could be disturbed by the sight of the two sides getting "straight down to the real knocks in negotiations."

There were hits in plenty last week for arbitrageurs and others of adventurous bent. With the bidding for the $25bn bust-up of RJR Nabisco reaching even giddier levels, they received a timely and painful reminder that leveraged buyouts are no sure bets. The stock of Hospital Corporation of America dropped sharply when its board said it had found no other buyers for the company and, therefore, that it had accepted the management's offer.

Wall Street had run the stock up on the assumption that someone would top the management's $51 a share cash and paper bid for the largest hospital owner and operator in the country. No other party stepped to the table, so the management won by default. The market registered its unhappiness by marking the *stock down to only $43*, the cash portion of the deal.

Investors are feeling sour about the outcome, and the prospect of a long-drawn out completion of the deal. They are also sceptical about the company's prospects in a highly competitive industry. "Who'd want to be operated on in a highly leveraged hospital?" one trader asked.

Pushing merchant banking machismo to the limits, First Boston began the week by offering to operate on RJR Nabisco. It would be a novel surgical procedure, whereby the Wall Street firm could end up lopping off one of its own vital parts, without the benefit of anaesthetic, if the risky deal fails.

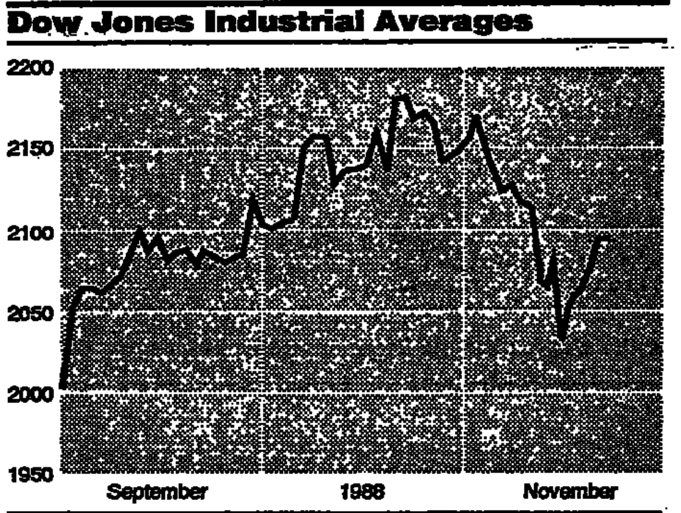
Basically, First Boston has rounded up a group of investors who want to try to sell off RJR Nabisco's food businesses by the end of this year, before tax rules change adversely. It would share the proceeds with stockholders and then come back next year to buy the tobacco operations.

First Boston would be exposing its own equity to enormous risks by attempting to auction Nabisco foods in five weeks. RJR Nabisco's board kept the market on tenterhooks by giving all interested parties longer to work up their proposals.

First Boston's curious proposal was only the latest in a string of ever more complex and risky merchant banking deals that Wall Street firms have been designing for themselves in recent years. Concerned about the trend, Moody's Investors Service said that it was re-examining firms' policies and risk limits for such activities as making bridge loans and taking equity interests in their clients' leveraged buyouts, takeovers and other corporate restructurings.

Roderick Oram

Dow Jones Industrial Averages



Monday	2,065.97	+ 3.56
Tuesday	2,077.70	+ 11.73
Wednesday	2,092.28	+ 14.58
Thursday	Closed	

JUNIOR MARKETS

Vindication for the USM

"HOW WRONG were those who condemned the Unlisted Securities Market as a fair weather, bull market phenomenon!"

So conclude the authors of the USM directory, the sixth edition of which was published this week. Hoare Govett's annual guide to the Unlisted Securities Market is produced by its USM team, which has long been top of its sector in the Extel ranking of investment analysts.

Apart from providing an A to Z to all the companies on the second market, with a synopsis on each, the directory both assesses the past year and discusses future prospects.

The 12 months to the end of September encompassed a highly compressed, virtually unparalleled fall in the equity market, followed by a significant, and to some, unexpected, recovery in USM performance since January.

Despite share volume being subdued, the USM remained highly active in terms of new issues, secondary fundings and acquisitions. Given the harsher equity environment since the crash, "in many senses the last 12 months have seen the final vindication of the USM," says Hoare Govett.

The second tier's overall market capitalisation stood at £7.7bn in September. While below the £9bn of a year previously, it was significantly above January's £5.7bn total. The USM's 38 per cent share price fall over the last quarter of 1987 was worse than the All-Share's 21 per cent drop.

However, over 1987 as a whole, it outperformed the main market and shows every indication of doing so again for calendar 1988. The USM's nine month performance to end September indicates a 17.4 per cent uplift, against the All-Share's 8.7 per cent. The average market capitalisation of the 400 companies at September stood at £19.3m.

Given that most shares remain tightly held, there are clearly a number of USM millionaires. Taking the average company at £19.3m with 60 per cent of the shares remaining in directors' or associates hands, an average figure of £11.6m per company could crudely be said to provide a benchmark of founders' current "invested" wealth.

Of course the millions tend to be paper and the value of the paper relates to the market's appreciation of the shares' worth. And any sudden and/or significant divestment of shares by a founder would have a severely unsettling effect on the share price.

That said, the USM has clearly created millionaires of the "cash" variety. According to Hoare Govett, independent research has shown that in excess of 42 individuals have derived £1m in cash via the USM.

New issue activity has remained at high levels in the year to end September, with some 96 new arrivals against 87 the previous year. Departures totalled 65, versus 71 last time, and the trend towards an increasing number of departures by companies being acquired has continued. Altogether 23 companies moved to a full listing in the year, while 31 were acquired. Of the remaining 11, one was a failure and 10 were reintroductions.

Looking at the period since the USM's inception in November 1980, the average duration on the USM of those companies that have moved to the main market has lengthened to over three years with a mean increase in market capitalisation of 917 per cent.

Looking ahead, the Hoare Govett team in the short term does "not believe that the ability of the average small USM company to achieve significantly *better* earnings per share growth than its large main market counterpart will be *significantly* impaired." This is despite expectations that the UK's GDP growth next year will be lower than 1988.

The USM's nine month performance to end September indicates a 17.4 per cent uplift

In the longer term, HG says the case for investing in smaller companies and the superior returns that they provide over the longer period is now proved. Of concern though, is the effect on smaller companies if the "Brussels Eurocrats' proposals are introduced unamended.

In the continued drive towards uniformity, secondary markets "appear to be the latest targets," says HG, and indications are that the proposals would include much more detailed disclosure requirements for rights issues. "Effectively it appears that virtually a full set of particulars might be required for every acquisition requiring recourse to the market."

The cost and time input could be so onerous as to effectively kill the equity market for small companies altogether, and therefore the USM itself, Hoare Govett warns.

But it remains optimistic that this will not happen. "It is surely inconceivable that the clock will be put back eight years for small companies."

Fiona Thompson

Fall takes gloss off steel appeal

THE "bargain basement" price set for British Steel shares this week looks less of a bargain in the light of yesterday's trade deficit, interest rate rise and stock market plunge.

If nothing else, yesterday's news shows that it is always wise to wait until close to the application deadline before sending off your cheque. There are no prizes for sending in your application early, and those who sent off their cheques first thing yesterday morning cannot now withdraw.

The logic behind the bottom-of-the-range 125p share price is now clear: the Government knew that the trade figures were going to be bad and lowered its expectations accordingly. But are Steel shares still good value for small investors? Should they be put off by one day's economic news?

The Government has rather changed tack from the early days of the marketing campaign, when it was assumed that private investors would show little interest in Steel. After all, the record-breaking losses of British Steel in the late 1970s and early 1980s were reasonably fresh in people's memories. Add the fact that last October's stock market crash, and the failure of the BP issue, had made many small investors disillusioned with the equity market and it seemed that Steel would be strictly for the institutions.

As it turned out, more than 1.5m individuals have registered with the share information office, more than double the number who showed interest in the Rolls-Royce offer. It seems that the marketing campaign, which focused on the steel industry's recovery, proved an enormous success.

Nevertheless, British Steel is not like British Telecom or British Gas, both utilities with fairly stable markets whatever the general economic conditions. If the economy shrinks, then demand for steel will fall. Sectors which have particular demand for steel, such as construction and motors, may be at the peak of their cycles.

BRITISH STEEL - key facts

Price per share	125p
Number of shares	2bn
Market capitalisation	£2.5bn
First instalment	60p
Deadline for applications	December 2
First day of dealings	December 5
Second payment date	September 26, 1989
Pre-tax profits forecast	£550m
Prospective price/earnings ratio (nominal 20 per cent tax charge)	5.68
Notional gross dividend yield	8 per cent

The high yield of BS makes it attractive to Woopies (Well Off Older People). It could be described as the "Woopie cushion"

Although British Steel is much more efficient than it was, it remains a capital-intensive industry. It has high fixed costs, tied up in expensive plant and machinery, and so any fall in demand hits it particularly hard.

Few people expect British Steel to return to its days of massive losses, but it may find it difficult to sustain the current year's £550m of profits through an economic downturn. Because of the risks, Lord Young has said that the issue is aimed more at the upmarket Sidney than at the legendary Sid of the British Gas advertising campaign.

The key to British Steel's attraction is the yield. At 8 per cent, the yield is higher than on most major industrial stocks and the partly-paid nature of the issue gives an extra "kicker." The annualised yield on the first 60p instalment is 16 per cent, rather better than the interest rate on a building society account.

This may make the stock particularly attractive to the so-called Woopies (Well Off Older People). Such investors can afford to take a slight risk with their capital, and yet are primarily interested in income.

A high yield tends to put a floor under a share price, unless investors feel that the dividend is about to be cut. British Steel has made it clear that it intends to maintain the dividend, come Hell or high water, which should prevent its share price sliding dramatically, for the foreseeable future. In fact the high yield could be described as the "Woopie cushion."

The sheer size of British Steel is also a factor in its favour. It will become part of the FT-SE 100 Index, which means that funds which want to track the index will have to buy it. Income-based unit and investment trusts will also want to add Steel to their portfolios.

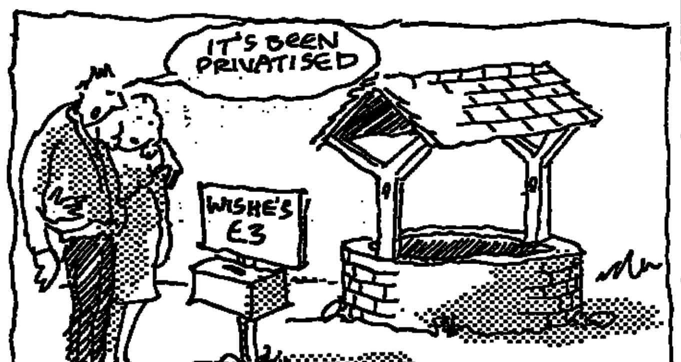
So Steel is unlikely to be a flop, despite yesterday's news. But the rise in base rates will shave some of the gilt off the gingerbread and the first day premium might now be 12p to 15p per share, rather than the 15p to 20p expected earlier.

However a 12p premium, on the 60p partly paid price, represents a 20 per cent capital gain. That may attract some stags in addition to the income investors. But private investors should still wait to see how Monday's stock market performs before they send off their cheques.

Philip Coggan

Clare Hodgson on the water and power sell-offs

Profits for the people?



THE GOVERNMENT this week relaunched its drive for popular capitalism – with a promise of handsome profits for Britain's army of small shareholders in the run-up to the next general election. The appetiser was the pricing of the British Steel privatisation issue. At 125p each, the shares are being sold at perhaps 10p less than the market would have accepted.

Even allowing for yesterday's market dramas, this should ensure that the issue is a success. But, just as importantly for the politicians in Whitehall, it should begin the process of eradicating the memory of last year's BP debacle.

That in turn (the Government hopes) will encourage the shareholding public to devour the two much more substantial sales planned to start in the autumn of 1989 and continue in stages right up until the spring of 1991.

This week's Queen's Speech, and the subsequent publication of the Water Bill, confirmed that the disposal of the water and electricity industries will form the core of the Government's political strategy ahead of the election due by 1992. The sales will be enormous. The water industry alone is worth between £5bn and £7bn. Guesses for the value of electricity range from about £17bn to as high as £30bn.

The exact details of the sales will not be known for some time. Even on the exacting timetable set by the Government, legislation to allow the privatisations will not be completed until the late summer of next year. But a number of key factors are clear already.

The sale of the water industry in November 1989 will be followed at intervals of four or five months or so by at least four separate issues needed to dispose of electricity.

The present strategy is for the 10 water companies in England and Wales to be sold in one go – with investors offered the opportunity to buy into them individually or collectively. The electricity privatisation will be more complicated. Three separate (although linked) issues will be needed to dispose of the two generating companies and the new group of distribution companies the Government intends to create in England and Wales. The industry in Scotland also has to be sold separately.

The two privatisations will provide a bonanza for small investors and the Government's hopes for a fourth term in office will be riding on them. As one minister commented earlier this week: "We just cannot afford to allow them to flop."

Workers in the two industries and individual investors will be offered a host of incentives to buy into their local water or electricty companies. The advertising will make the "Tell Sid" campaign used to launch British Gas look decidedly low-key.

None of this, of course, will ensure that water and electricity will be good long-term investments. The tight regulatory framework for both industries, and the deep uncertainty over nuclear energy, may make them unattractive to the average investor to hold for long periods. But, if things go as planned, everyone will be offered a quick pre-election profit.

William Dullforce explains why the Swiss stock market will never be the same again

Nestlé row changes rules of the game

THE SWISS stock market has survived the cultural revolution imposed on it by Nestlé last week but it will never be the same again. Indeed, it could eventually emerge as a far more vigorous animal.

Foreign investors – those still interested – have to be smarter because, for the foreseeable future, it could be as important to read a Swiss board's intentions towards its stock structure as to assess the company's fundamentals.

By the end of the week, the worst tremors had subsided. The general Swiss index was back almost to its level on Thursday, November 17, immediately before Nestlé announced that it would allow foreigners to buy its registered shares.

But the Swiss multinational's decision has had a dramatic effect on the sub-indices. On Friday evening, those for the registered stock stood over 9 per cent higher, while those for the bearer stock and participation certificates had fallen by more than 4 per cent.

Initial investor reaction was violent and vitriolic. On the first day, some SFr2bn (£1.38bn) was wiped off the value of the bearer share as the registered stock climbed by SFr3.9bn. By Monday, US investors – who, like other foreigners, had previously been able to buy only bearer shares and participation certificates – were threatening to sue the company.

Tempers flared as the repercussions on other Swiss companies became evident. Investors sold their bearer stocks, anticipating that other boards would have to follow Nestlé's example. West Germans heavily into Swiss insurance stocks warned Swiss bankers that they could pull out of the market.

Some exasperated bankers claimed that Nestlé had dealt the whole Swiss equities market a blow below the belt by chasing away the foreign investors whose hesitations already had slowed the market's recovery from the crash of October 1987. There were murmurs about stabs in the back. Staid Swiss institutions holding registered stock behaved like non-Swiss and cashed in at an early stage.

Helmut Maucher, Nestlé's managing director, voiced surprise that holders of registered stock should sell at a price of SFr6,000. He found agreement from Lombard, Odier, the Geneva private bank with a large international clientele, which argues that the Nestlé registered shares are very cheap at SFr6,000 and would still be cheap at SFr6,500.

Nestlé had anticipated that the big discount to the bearer shares, at which the registered stock had been trading, would

'Maucher should have stuck to selling milk, not shares...'

be trimmed by a rise to around SFr7,000 in the registered share price rather than by a 20 per cent fall in the bearer price.

"Maucher should have stuck to selling milk, not shares," retorted one investment banker, who cursed the manner of Nestlé's doing business while applauding the foods group for "forcing the Swiss to join the international equities market."

Accused of acting without concern for other companies, Reto Domeniconi, Nestlé's finance director, retorted that any Swiss company operating internationally in a big way and needing increased capital would have to drop the ownership restrictions on its registered stock.

Some investors had been percipient or were lucky. Those, both Swiss and foreign, who had bought options on Swiss companies' registered shares through the covered warrants pioneered by the young BZ Zurich Bank, reaped a bonanza. The week saw a lively resuscitation in trading in these options.

By the week's end, when the Nestlé bearer's premium to the registered share had hovered around 15 per cent for three days while, in most other companies, both categories of stock had moved up in price, the market's initial reaction seemed exaggerated. Even foreign investors were back, although there was some doubt if they were the same as those whose fingers had just been burnt.

However, investors surveying the stricken scene see a new landscape. The exaggerated premiums at which many major Swiss companies' bearer shares traded to their registered stock have been pruned back – from 100 per cent to 50 or 60 per cent.

These gaps will probably remain until another company announces that it is following Nestlé and opening its registered stock to foreigners. Insurance companies have a special problem over the Swiss law that prohibits foreigners from owning more than a given amount of Swiss real estate. But the game is now to guess which companies will follow Nestlé, and when.

Sandoz, Union Bank of Switzerland, Swiss Bank Corporation and the Baloise insurance company have already said they will not. Investors will start looking at those that have not spoken. Ciba-Geigy, perhaps?

Moves by other companies to let foreigners into their registered stock will almost certainly be less trenchant than Nestlé's. Meanwhile, small investors wanting Swiss franc placements are turning to the Swiss equity funds run by the big banks or to Julius Baer Bank's Swissbar fund. But investors now have to examine very carefully the particular circumstances influencing each company's capacity to "go foreign" before buying any category of stock.

Caroline Garnham on changes in the alimony system

Why divorce is going to prove more expensive

DIVORCE IS going to be a good deal more expensive for many people because of changes in the taxation of maintenance and alimony payments announced in this year's Budget. Although the new rules do not apply to existing arrangements, they still have to be considered by those already making payments. Taking action in the 1988-89 tax year could have an important effect on what you pay in future years.

Under the old system, if you were divorced you were given tax relief on payments to your ex-spouse and children if they were paid under a court order (and also to your ex-spouse under a binding agreement). The tax relief was a godsend to many divorcees, especially those in the higher tax brackets who, until last year, were able to reclaim as much as 60 per cent of the payments made.

It often helped to alleviate the financial hardship caused by splitting the family, and enabled the ex-husband to be more generous in payments to his former wife and their children. Equally, although the ex-spouse and children were taxable on the sums they received, with careful planning they often paid little or nothing to the Revenue by making use of their personal allowances and lower rate bands of tax.

Under the new system, those paying maintenance under court orders will receive little or no tax relief after March 15, 1988. Admittedly, the recipients – the ex-spouse and children – will not be liable to pay tax. But since many were not doing so already, this in no way truly balances the scrapping of tax relief.

As an interim measure, the Chancellor has allowed a remnant of tax relief for the maintenance payer under the new rules. This is limited to the difference (£1,490 for 1988-89) between a single person's allowance and the married man's allowance (soon to be called the married couple's allowance). It is not available against maintenance payments to an ex-spouse if he or she remarries, or for payments to children.

Those getting divorced – or thinking of it – should therefore bear in mind that, to obtain maximum tax relief in the future, maintenance payments should be made first to the ex-spouse – at least for the first £1,490 – assuming she remains unmarried and regardless of how wealthy she is already.

However, the new rules also will affect the amount of tax relief allowed for maintenance paid under an existing court order. From 1989-90 onwards, the tax relief available cannot be more than the amount claimed in 1988-89. The relief has therefore been pegged to the 1988-89 figure. Any increased payments in the future will be tax-free for an ex-wife and children but will not qualify for extra tax relief to the payer. So, any excess paid after 1988-89 will have to be provided out of taxed income.

The Chancellor has shown himself particularly cunning. He has pegged the level of tax relief to that for 1988-89 when UK tax rates are at their lowest level since the Second World War. If tax rates are increased in later years you will, for practical purposes, get relief on only part of the maintenance you pay. That is why it is so crucial for anyone paying maintenance under the existing arrangements to make a definite decision before March next year. If, in the future, you can foresee paying your ex-wife and children an increase in their maintenance, you should consider applying to the court now so that any increase can take effect in this financial year, thus pegging your relief at a higher amount.

There is another point. During the 1988-89 tax year, you will continue to get tax relief in the same way by deducting it from your payment. Starting from the 1989-90 tax year, though, the system will be changed so that any payments will have to be made gross. You will have to claim back the relief from the Revenue.

The previous method of the payer deducting tax and retaining the amount was merely a convenient way for the Revenue to collect the tax and grant relief at the same time. So, it is quite logical for the system to be changed. However, it is bad news for the payer because outgoings initially will go up by one-third until he can persuade the Revenue to provide tax relief. In other words, the new system will have a serious effect on the cash flow for maintenance payments.

The quid pro quo is that the payee will receive all maintenance tax-free. But this will be of real benefit only to high income-earning childless couples – precisely the situation where maintenance is unlikely to be relevant.

The courts, when making an order, look at both parties. Your ability to pay is taken into consideration along with the needs of your ex-wife and children. But since, in the future, all payments must be made out of taxed income, the ability to pay is reduced severely without tax relief; thus, you could be ordered to pay less than you would have under the old rules.

On the other hand, since the children's needs are of paramount importance, there is a clear risk that payers will be even poorer than they would have been under the old system.

■ *Caroline Garnham is a partner in London solicitor Joynson-Hicks.*

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Amber Day Holdings	Tuesday	-	-	-
Ashley Group	Thursday	-	-	-
Bett Brothers	Monday	1.3	2.2	1.4
Carroll PJ & Co	Thursday	2.8	5.0	2.8
Circaprint	Monday	-	1.9	-
Fairline Boats	Tuesday	3.0	6.0	4.0
Irish Wire Products	Tuesday	-	-	-
Johnson & Firth Brown	Monday	0.5	1.0	0.6
Kwik Save Group	Wednesday	2.1	4.7	2.4
MEPC	Thursday	3.2	9.7	3.5
Northern American Trust	Tuesday	1.4	4.0	1.4
Royal Bank of Scotland	Thursday	4.6	8.1	5.3
Sidlaw Group	Thursday	2.0	3.5	2.7
Tate & Lyle	Thursday	9.0	17.0	10.0
TMD Advertising	Thursday	-	2.4	-
TSB Channel Islands	Wednesday	2.5	2.8	2.7
United Industries	Thursday	0.8	1.3	1.2
INTERIM DIVIDENDS				
Allied Lyons	Tuesday	4.3	8.6	-
Anglo United	Monday	0.2	0.8	-
Baker Harris Saunders	Thursday	2.2	4.0	-
Bassett Foods	Wednesday	2.1	3.7	-
BET	Monday	3.0	7.0	-
BPB Industries	Thursday	3.0	5.5	-
Bromsgrove Industries	Monday	0.8	1.4	-
Caledonia Investments	Tuesday	2.5	4.5	-
Castings	Thursday	1.4	3.6	-
Chamberlain Phipps	Tuesday	1.4	4.1	-
Chamberlin & Hill	Monday	2.0	4.0	-
Chemoxy International	Wednesday	1.8	3.9	-
Chloride Group	Tuesday	0.5	1.5	-
Cranswick Mill Group	Friday	1.6	3.7	-
Dawson International	Tuesday	2.4	5.4	-
Dominion International Group	Wednesday	2.5	3.9	-
Erskine House Group	Tuesday	1.6	3.6	-
Ferranti International Signal	Thursday	0.7	-	-
Finlan Group	Thursday	2.0	2.5	-
Hambros	Tuesday	3.0	6.0	-
Hewetson	Monday	1.0	2.0	-
HPC Group	Wednesday	-	-	-
Jarvis Porter Group	Thursday	1.4	2.6	-
London Securities	Tuesday	-	0.5	-
Lyons Irish Holdings	Monday	3.5	6.5	-
Marling Industries	Friday	1.0	2.5	-
Monks & Crane	Thursday	1.2	2.0	-
Mountview Estates	Wednesday	1.0	7.5	-
NSM	Monday	-	-	-
Porter Chadburn	Wednesday	0.2	0.8	-
Premier Consolidated Oilfield	Tuesday	-	-	-
Readicut International	Tuesday	0.3	2.3	-
Robertson Group	Tuesday	0.9	2.4	-
Rolfe & Nolan Computer Serv	Wednesday	1.5	2.5	-
Rowlinson Securities	Wednesday	0.2	0.7	-
Royal Tst Gov Sec Fund	Wednesday†	2.5	-	-
Sanders & Sidney	Monday	2.0	4.0	-
Scottish & Mercantile Inv Tst	Wednesday	1.4	3.2	-
Shanks & McEwan	Wednesday	3.5	-	-
Sheraton Securities Intl	Monday	0.5	1.7	-
Siebe	Wednesday	2.7	6.0	-
Southwest Resources	Wednesday	-	-	-
Union Square	Monday	-	-	-
Verson International	Monday	0.1	0.2	-
Vibroplant	Monday	4.2	8.2	-
Vosper Thornycroft Holdings	Monday	-	0.6	-
Wiggins Group	Monday	2.0	4.5	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.† per share gross.

The Week Ahead

Property boom lifts MEPC asset value

MEPC, Britain's second largest property investment group, is expected to announce a substantial rise in net asset value on Thursday when it reveals results for the year to September 30. Analysts are forecasting a NAV of about 730p – 37 per cent up on the 1986-87 figure of 533p – which would leave the shares at a discount of about 20 per cent on Friday's price.

The sustained buoyancy of the property market and continuing benefits of the £428m acquisition of Oldham Estate last year, which increased MEPC's exposure to south-east England and the London office market, should have boosted profits for the full year to about £102m before tax, compared with £80.2m in 1986-87.

MEPC has been mentioned as a potential counter-bidder for Hammerson, the subject this week of a surprise £1.3bn cash bid from the Dutch group Rodamco, but most observers seem sceptical about this.

Allied-Lyons, in which Bond Corporation holds a 11 per cent stake, is expected on Tuesday to report dullish pre-tax profits of around £225m for the six months to the end of August compared with £197.5m in the same period last year.

Analysts are looking for a decent performance from brewing, where the performance has been improved by a combination of investment in pubs, strengthened brands and rationalisation of production. Results from the food division in the UK are expected to have been adversely affected by the poor summer weather but European operations have performed well. In wines and spirits, Hiram Walker brands are providing the sparkle.

About £115m worth of pre-tax profits are expected from Tate & Lyle when its results for the 12 months to September 30 emerge on Thursday. However, the figures will show little about the new look of the group following ambitious moves mainly in the US which this year have transformed it from a UK sugar refiner to a world-scale sweetener concern.

The main feature expected is an excellent result for UK sugar refining. Apart from price improvements, Tate will have benefited from an EC award, covering the period from July 1987 and worth about £4m, designed to compensate it for being a cane sugar concern in a beet regime.

As results for Redpath Industries, the Canadian-based subsidiary, have already shown, North American sugar refining will reflect a margin squeeze; but within the industrial activities on the other side of the Atlantic automotive components should look strong.

A strong broadly-based performance is expected from BET, the restructured industrial services group which reports its interim profits on Monday. Analysts expect pre-tax profits of £110m to £115m for the six months to September 30, compared with £92.1m last year. Thanks to the buoyant property market, the scaffolding, plant hire and property interests are forecast to chalk up impressive organic growth. Businesses such as textile rentals, cleaning and security should have made solid progress, helped by recent acquisitions.

Defence contractors are inclined to be secretive and Ferranti International is no exception: its full-year figures in the summer gave away little financial information, and interims on Thursday will give even less. Profits should show a nominal rise from £23m to £40m (refecting a first full half-year contribution from International Signal) but earnings are expected to be flat because of depressed defence markets and the level of the US dollar.

Of more interest to investors will be news on two subjects close to Ferranti's heart: second generation cordless telephones, in which Ferranti has made a major investment, and the £1bn contract to supply the radar for the Eurofighter military aircraft project.

Chairman Sir Derek Alun-Jones will undoubtedly have something to say on the likely impact of the Office of Fair Trading's investigation into the GEC/Plessey bid. If that bid is allowed to proceed, Ferranti could find itself in play.

The fruits of last year's spending spree in the US should be evident in Wednesday's interim results of Siebe, the controls, engineering and safety equipment group. Analysts expect pre-tax profits of at least £65m for the six months to September 30, a 28 per cent advance from last year. Of this, perhaps £8m will be chipped in by Barber-Colman, the US controls company bought last September, while organic growth of about 15 per cent should stem from new product introductions and margin improvement.

Royal Bank of Scotland will be reporting full-year figures on Thursday. Last year the Edinburgh-based group made £197m before tax, but that included the effect of £77m of special provisions for Third World loans. This time, the bank is expected to show a healthy improvement to around £290m, due to the boom in UK high street banking.

Hambros, the merchant banking and estate agency group, reports interims up to September 30 on Tuesday. Last year's first half of £36.6m included a £6m investment gain, so this year's figure will show little change. Nevertheless, the group's banking side has done well, and the estate agency business enjoyed the peak of the property boom in the summer.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.00	4.10	3.28	monthly	1	-	0-7
High interest cheque	7.00	7.20	5.78	monthly	1	1,000-4,999	0
High interest cheque	7.40	7.70	6.16	monthly	1	5,000-9,999	0
High interest cheque	7.80	8.10	6.48	monthly	1	10,000-49,999	0
High interest cheque	8.20	8.50	6.80	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	5.50	5.58	4.46	half-yearly	1	1-250,000	0
High interest access	7.40	7.40	5.92	yearly	1	500	0
High interest access	7.65	7.65	6.12	yearly	1	2,000	0
High interest access	8.15	8.15	6.52	yearly	1	5,000	0
High interest access	8.40	8.40	6.72	yearly	1	10,000	0
90-day	8.40	8.58	6.86	half yearly	1	500-9,999	90
90-day	8.65	8.84	7.07	half yearly	1	10,000-24,999	90
90-day	9.15	9.36	7.49	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.00	7.50	6.00	yearly	2	5-100,000	30
Income bonds	10.75	8.47	6.78	monthly	2	2,000-100,000	90
Deposit bond	10.75	8.06	6.45	yearly	2	100-100,000	90
34th issue¶	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	8.63	8.98	7.18	monthly	1	2,500	0
Provincial Bank	8.83	9.20	7.36	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
2pc Treasury 1986-89	11.05	9.74	8.96	half yearly	4	-	0
5pc Treasury 1990	10.82	8.72	7.48	half yearly	4	-	0
10.25pc Exchequer 1995	10.45	7.87	6.33	half yearly	4	-	0
3pc Treasury 1990	10.00	9.21	8.72	half yearly	4	-	0
3pc Treasury 1992	8.78	7.94	7.44	half yearly	4	-	0
Index-linked 2pc1992§§	8.50	7.89	7.58	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.¶ Special facility for extra £5,000 §Source:Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Armstrong Equip.	160§§	165	160	84.9	Wardle Storeys
Assd Trust	94¶	92	85	14.1	Jersey Gen LT.
Assoc. News.	765*§	758	533	1.02bn.	Daily Mail & Gen
Aurora	146.5*§	145	127	138.10	Aust. Nat. Inds.
Avdel	80*	82½	77	101.8	Textron
Bejam	193	190	171½	240.90	Iceland Frozen F
Birmid Qualcast‡	450*§	449	417	330.00	Blue Circle
Brit. Syphon	155*	155	155	46.75	Britannia
Buckley's Brew.	158*§	155	150	25.0	Harp Lager
Burford Grp.	374	365	388	45.96	Charterhouse
Carless	116§§	115	108	226.58	Kelt Energy
Collins (Wm.)	640*§	613	543	88.9	News Intl.
Collins (Wm.) A	535*§	633	453	194.1	News Intl.
Cundell	160*	165	139	28.80	Crown Intl. Grp
Cundell	137	195	138	24.85	Ferry Pickering
Dale Group	90	91	87	10.98	Beauford
Granyte Sfcs. C.	130*	131	103	18.2	McLeod Russel
Hall (Matthew)‡	161§§	160	140	125.84	AMEC
Hammerson	818*§	898	738	284.32	Rodamco
Hammerson A	780*§	853	675	1.01bn.	Rodamco
Invergordon	405*	403	370	93.15	DMWS 99
Irish Distillers	Ir450*	Ir455	Ir388†	Ir263.0	Pernod Ricard
LandLeisure	395§§	372	377	157.86	Leisure Invs.
London Shop	300*	302	304	180.47	Peel Hldgs.
Pillsbury	360*	357	232½	£5.23bn	Grand Met.
Plessey	225*	214	175½	1.7bn	GEC-Siemens
Redfearn	545*	535	516	54.8	PLM
Suter	227§§	211	240	268.18	Thomson T-Line
Task Force	225*	221	191	18.49	Alphasound
Telephone Rentals	340*§	330	211	320.0	Cable & Wireless
Webb (Joseph)	61½	65½	68½	15.87	Mowat Group
Zygal Dynamics	107	118	92	16.01	Misys

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held. ‡ Unconditional.**Based on 2.30 pm prices 25/11/88.†At suspension. ♥ Based on FAV. §§Shares and cash

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AGB Research	April	10,620	(10,150)	-	(-)	-	(-)
Blenheim Exhib	Aug	4,080	(1,430)	25.1	(12.2)	8.0	(4.0)
Cosalt	Aug	3,170	(1,770)	21.7	(13.4)	7.0	(4.5)
Diploma	Sept	19,300	(15,440)	20.7	(16.7)	7.5	(6.0)
Guinness Mahon	Sept●	5,224	(2,472 L)	8.1	(-)	1.2	(-)
JSB Electrical	Sept	1,560	(771)	19.1	(10.4)	4.0	(2.5)
McLeod Russel	Sept※	10,170	(11,090)	14.5	(14.1)	6.7	(4.5)
Moran Holdings	June	353	(528)	3.6	(4.97)	3.0	(3.0)
Owen & Robinson	May	358	(138)	12.7	(4.9)	1.5	(0.7)
Parkway Group	Sept	4,810	(1,310)	16.1	(6.9)	3.0	(1.5)
Piccadilly Radio	Sept	1,230	(765)	7.4	(4.9)	3.2	(2.2)
Priest Marians	Sept	8,900	(4,300)	-	(-)	-	(-)
Radio City	Sept	1,020	(356)	25.1	(7.9)	6.0	(-)
Radio Clyde	Sept	1,500	(916)	16.8	(10.2)	5.7	(4.2)
Ranks Hovis	Sept	156,800	(116,000)	30.6	(24.1)	10.6	(8.5)
Sanderson Elect	Sept	1,750	(1,450)	13.5	(2.7)	3.0	(2.5)
Shaftesbury	Sept	5,870	(217)	25.9	(1.1)	1.0	(-)
Shani Group	July	2,220	(1,402)	10.4	(9.8)	1.6	(-)
Talbex Group	July	1,060	(1,260 L)	0.8	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
BAT Industries	Sept†	1.09bn	(965,000)	-	(-)
Blacks Leisure	Aug	2,030	(1,810)	0.05	(-)
Boots	Sept	132,400	(110,333)	3.5	(3.1)
British Gas	Oct	107000L	(31,000L)	2.7	(2.5)
Broad Street Group	Sept	1,060	(281)	0.8	(-)
Calor Group	Sept	11,600	(10,500)	6.0	(5.5)
Century Oils	Sept	2,360	(2,850)	1.7	(1.7)
Chancery	Sept	3,060	(1,850)	2.5	(1.8)
Christie Group	Oct	2,660	(1,560)	1.4	(-)
City Gate Estates	Sept	634	(1,901)	3.4	(-)
City of London PR	Sept	378	(265)	0.7	(-)
Classic Thoroughbred	June	358 L	(-)	-	(-)
CML Microsystems	Sept	1,490	(1,130)	-	(-)
Control Securities	Sept	6,500	(1,507)	0.37	(-)
Courtaulds	Sept	98,100	(102,200)	2.9	(2.7)
Delmar Group	Sept	26	(160)	-	(-)
De Morgan Group	Oct	1,130	(517)	1.2	(0.6)
EMAP	Oct	11,230	(8,450)	1.4	(1.1)
Hobson	Sept	703	(650)	0.2	(-)
Hogg Robinson	Sept	9,510	(8,090)	2.0	(1.8)
Imry Merchant Dev	Sept	10,420	(5,010)	3.5	(2.5)
Jarvis Porter	Aug	508	(1,350)	1.4	(1.4)
Lees John J	Sept	309	(220)	0.7	(0.6)
Magnet	Oct	33,720	(24,977)	2.9	(2.5)
Marston Thomp & Ever	Sept	7,690	(6,612)	0.9	(0.8)
Mercury Asset Man	Sept	19,210	(23,950)	3.5	(3.0)
Parkland Textile	Sept	1,370	(1,132)	2.0	(1.8)
Penny & Giles	Sept	984	(799)	1.0	(0.9)
Platon International	Sept	134 L	(325 L)	-	(0.5)
Ports & Sunderland	Oct	3,290	(2,490)	1.5	(1.2)
Powell Duffryn	Sept	13,520	(11,555)	6.0	(5.2)
Rexmore	Oct	846	(677)	0.7	(0.5)
Rothmans Int'l	Sept	155,800	(140,360)	3.5	(3.0)
Scantronic Holdings	Sept	1,430	(929)	0.5	(0.4)
Sedgwick Group	Sept†	70,800	(93,200)	-	(-)
TR Property Inv Tst	Sept	3,200	(1,490)	0.35	(0.27)
Unilock Holdings	Sept	909	(759)	1.0	(1.0)
Unit Group	Sept	553	(380)	2.5	(1.2)
UPL Group	July	158	(146)	1.0	(-)
Volex Group	Sept	4,030	(2,820)	6.0	(4.0)
Waddington John	Sept	8,350	(8,250)	3.4	(3.1)
Walker & Staff	Sept	224	(124)	-	(-)
Warburg SG	Sept	47,810	(76,830)	3.7	(3.5)
Warnford Investments	June	3,290	(2,490)	9.0	(8.0)
Welpac	July	545	(404)	-	(-)
Wills Group	June	535	(779)	-	(-)
Wilshaw	Sept	701	(519)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.† figs for 9 mnths.※ this years figs for 18 mnths.● after tax profits & before extraordinary cost of £300,000.

RIGHTS ISSUES

Cityvision is to raise £8.2m via a one-for-five rights issue at 130p.
Goal Petroleum is to raise £19.2m via a one-for-five rights issue at 90p.
JSB Electrical is to raise £1.7m via a one-for-five rights issue at 165p.
Lees John J is to raise £1.79m via a two-for-five rights issue at 98p.
Parkway Group is to raise £27.3m via a three-for-five rights issue at 220p.
Resort Hotels is to raise £8.4m via a one-for-one rights issue at 16p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Bank of Scotland is to raise £100m via a preference stock issue at 102.6p.
Betacom is to join the stock market via an offer for sale valuing the company at £25.4m.
Compass is to raise £80m via an offer for sale.
Dawsongroup is to join the main market via a placing of 8.88m shares at 155p.
EW Fact is to join the USM via a placing of 2m shares at 84p.
Medirace is to launch a £3m share placing of 3m shares at 100p.
Secure Trust Group is to seek a full Stock Exchange listing next month.
Waco Group is fund a £7.11m acquisition via a vendor placing of shares.
Wilton Group is to raise £2.4m via a placing and offer of 50.5m shares at 5p.

Penalties warning on tax returns

IT IS well worth spending a spare hour or two this weekend filling in that overdue tax return: the Inland Revenue now has powers for the first time to charge automatic penalties for tax it receives late.

Few people are likely to pay a penalty for actually filing their return late. The Revenue's final warnings usually succeed in extracting returns from tardy taxpayers. Failure to respond leads to a penalty of £50 plus £10 for each further day's delay.

However, if there is tax to pay, a late return may well lead to an assessment being issued after the date the tax falls due. For example, tax on capital gains made in the last tax year must be paid by December 1: making a return at this stage is unlikely to lead to a request for the tax before *the due date.*

Other taxes fall due on different days: tax on investment income should be paid by January 1, while tax on earnings which has not been collected through the PAYE system must be paid in two equal installments on January 1 and July 1.

Overdue tax will attract interest at a special rate; currently 9 per cent, says a Revenue spokesman. The Revenue says that it will be lenient in cases where taxpayers have had genuine problems filling in their returns. Anyone with a return still to send in (about a quarter of the country's 28m taxpayers were sent one this year) should do so soon, or at least alert their tax inspector to any difficulties they are having doing this.

There is another way of avoiding interest on overdue tax, but it may prove expensive. Buying a certificate of tax deposit (available from tax inspectors) is equivalent to depositing tax with the Revenue in advance of receiving an assessment. However, the minimum that can be invested this way is £2,000.

The certificate pays interest of 9 per cent, which cancels out the 9 per cent penalty interest for late payment of tax. However, any part of the certificate that is not used to pay tax but is returned to the taxpayer only attracts interest at 5 per cent. It may prove more economical simply to put something aside now in a building society, and use the interest to pay any late tax penalty.

Richard Waters

FINANCE & THE FAMILY

Barry Riley reports on the reform of the futures industry

Christmas deadline set for cleaning out the cowboys

HERE'S the good news for the festive season: the futures industry will have been cleaned up by Christmas. So forecasts Christopher Sharples, the man who has been bearing one of the toughest burdens in the City of London. As chairman of the Association of Futures Brokers and Dealers (AFBD), one of the self-regulatory organisations (SROs) which are regulating the investment markets under the supervision of the Securities and Investments Board, he has been responsible for weeding out large numbers of undesirable firms from the list of applicants for authorisation as futures market operators.

Out of 380 *applications*, 30 have been slung out and several appeals are pending. Other SROs have had their difficult cases, but none so many as this. Under the provisions of the Financial Services Act, (FSA), rejected firms have to cease trading — but not until their last appeal has been rejected.

One of the most controversial cases was that of DPR Futures, the two principals of which were said to have made more than £1m each in 19 months' trading. The company's unofficial motto was claimed to have been "churn 'em and burn 'em," while the aggressive telephone salesmen were told to do their selling standing up on the basis that "chairs are for wimps."

Like many other similar firms, DPR was a spin-off from the notorious LHW Futures. In contrast to many of its clones, LHW is still trading, at least on a minor scale. It has wriggled furiously over the past few years to stay alive, first remodelling its commissions and trading style and, within the past few weeks, turning itself into something called Burgon Hall with former Abbey National chief executive Clive Thornton as the new chairman. The AFBD has still to come to a final decision about its future.

Scandals in the futures industry are, of course, nothing new. The losses suffered in 1981 by clients of M. L. Doxford, which traded from a fancy address in St James's, were instrumental in triggering the original report into investor protection by Professor Jim Gower. That led straight to the FSA. Other early 1980s' failures included one involving Keith Hunt, the vanished Warwick-based commodities trader, and another relating to Justin Frewin, whose champagne lifestyle was detailed at the Old Bailey.

Most futures firms dealing with the public have not collapsed in this way, however — far from it. But their clients have lost out just as surely as if their money had been spirited away immediately. "We have looked at cases of blatant abuse of responsibility to clients," says Sharples.

Trading in commodity and financial futures is an expensive business in the best of circumstances, and it is common for even the best-managed funds to incur charges of 10-20 per cent a year. But the cowboy firms expect to rake in 10-20 per cent *a month*. They do this by luring unsophisticated clients and encouraging them to purchase frequent contracts on margin, which means that the risks are great. "The cowboys have a cost of marketing which is very high," says Sharples, "and it has risen because the public is becoming less receptive to salesmen. So, the only way these firms have been able to survive is by overtrading the accounts."

Effectively, they have been charging very high commissions which could not possibly be recouped even if the trading decisions were good — which they usually have not been. They have relied upon attracting a constant stream of new clients, draining their savings and then dumping them. All this was entirely unregulated until the FSA came into full effect last April.

In contrast, a genuine investment adviser operating a futures fund will seek to leave his client with a good profit even though the charges may be high by the standards of, say, unit trusts invested in equities in the normal way. The futures fund manager will seek to build his business by retaining his clients and adding to them. Some of the newer ones are ready to take most of their reward in the form of a share of profits.

The AFBD wants to clean up the industry so that the way can be cleared for these more respectable operators — just as in the US the specialist regulatory agency, the Commodities and Futures Trading Commission, has established the framework in which a substantial futures fund industry has been able to develop. "Funds are a much better way of bringing smaller investors into futures," says Sharples, "and we need more liquidity. There is still a role for the broker who gives a good service to his client. But we have got to restore some confidence."

The task of hacking a way through the murkier undergrowth of the futures industry has not been pleasant. Closing down firms means putting people out of jobs. "It's been very hard, and we haven't reached these decisions lightly," he says. "But if regulation in the futures business is to mean anything, there has to be a very much cleaner industry than there was before." Sharples' own company GNI, a subsidiary of the City discount house Gerrard & National, is one of those involved in launching offshore futures funds.

It has taken many months, but now the AFBD is near the end of the task, with one or two tricky decisions, such as that on Burgon Hall, still to come. What happens after that, however, will not depend only on the AFBD and its members. Futures funds are not easy to market in the UK under existing regulations; however, new rules are promised by the Department of Trade and Industry which should make such funds more easily saleable — although the existing unit trust industry is scarcely wildly happy about the idea, fearing that speculative futures funds could taint the carefully polished image of traditional equity funds. The AFBD has mounted a lobbying effort to encourage the DTI.

An even bigger obstacle is posed by the taxman. The Inland Revenue seems determined to tax futures funds twice — once on any profits made within the fund (because this will be counted as trading and not investment) and again on any capital gains made by the investor when he eventually sells his units.

It seems likely, therefore, that futures funds will in practice be based in offshore havens where the tax regime is more favourable. These will need to be designated territories, which the UK authorities accept as offering equivalent investor protection to that available on UK-based funds. Only the Isle of Man has qualified so far but places like Jersey, Guernsey and Bermuda are likely to be approved in due course.

Sharples hopes that the AFBD will soon be able to get down to the basic job of regulating the activities of its membership across a wide front. Sorting out the cowboys has been absorbing a disproportionate amount of the association's energies. "The retail sector is a very small part of the AFBD's overall membership," he says, "but it is the one we have concentrated on in the early stages. By Christmas, we should have wrapped the whole affair up."

Heather Farmbrough goes to a self-congratulatory lunch

A bumper year for the BES

MONDAY WAS an important day in the world of the Business Expansion Scheme. At the second BEST BES awards lunch, accountants, solicitors, sponsors, PR firms and entrepreneurs congratulated themselves on a bumper year. The presence of Norman Lamont, the financial secretary to the Treasury, bestowed a sense of establishment on the occasion.

The minister's comments were generally the sort of thing the industry wanted to hear. While Lamont thinks Steven Rowe's forecast of £500m to be raised this year under the scheme is too high, he admitted that the take-up of the relief for private letting companies was building up more rapidly than the Government had expected. So far, assured tenancies have raised £106m, according to Tim Villiers at BES Investment Research.

There was some gentle heckling when Lamont referred to the decision in the last Budget to limit the amount of money that could be raised under the scheme by companies which are not assured tenancies to £50,000. Only £6m in total has been raised this year. The BES industry believes the £50,000 limit might be raised a little in the next Budget.

The BEST BES company of the year to April 1988 was Associated Nursing Services, which started up in 1984 with an initial nursing home in Bognor Regis, West Sussex. ANS came to the USM in March at 132p a share, five times the original price before tax relief. Capital Ventures, which manages the Cave funds, was the best fund manager.

Andrew Cooke and Geoffrey Smith were voted best young businessmen in a new award sponsored by the Prince's Youth Business Trust. Cooke and Smith are the joint managing directors of Esprit Automation, a computerised cutting equipment manufacturing company based in Nottingham.

The trust, of which Prince Charles is president, was founded two years ago to offer business guidance and some financial help to entrepreneurial youngsters in the more deprived parts of the country.

Now it has the chance to shake off its image as a tax dodge

Earlier this year, Steven Rowe realised there were some striking similarities beween the kinds of businesses run by the trust's entrepreneurs and BES companies. So he set up a BES initiative to help the trust, to which Johnson Fry has already donated all the interest it has earned from money on deposit for new issues over the tax carry-back period from the beginning of September until October 26 — a princely £75,000. Other sponsors are following suit and Rowe hopes to raise £2m a year.

On Monday, he appealed to guests not only for money but for practical help and advice for the trust's young entrepreneurs. He points out that "one of the reasons for the trust's high success rate is that there is always a business advisor helping." Interested readers should contact Rowe at BES Monitoring, 23 Welbeck Street, London W1 (tel. 01-722-5958).

Since the last Budget, the BES has become a vehicle for Government housing policy in the rented sector. Now it has an opportunity to shake off its image as little more than a tax dodge to make the rich richer.

FINANCE & THE FAMILY

Lively times for investment trusts

Heather Farmbrough on an overbroked sector

IT USED to be just football players who made the news in the transfers market. Nowadays, however, when a team of analysts moves, the public relations officer of its new firm rings up and suggests a lunch to meet the newcomers.

So, earlier this week Peter Walls and Nicholas Corke, two of a team of eight headed by Mark Jeffries which moved to CL-Alexanders Laing & Cruickshank (ALC) a couple of months ago, enthused over steak and salmon about the potential of the investment trust sector.

Cynics might say: "Well, they would, wouldn't they." Having just been poached from Security Pacific to replace the former sales and analysis team which defected to Warburgs, the newcomers are under some pressure to perform – particularly as rivals say their transfer cost ALC a figure between £1.5m and £2m, although this is denied by ALC. Two years after the crash and one year after the Big Bang, people are reluctant to move jobs because of the LIFO (last in, first out) principle.

The investment trust sector is also fairly overbroked, according to one competitor, although the 200-odd stock sector ranks only eigth in terms of stock market turnover. Other City players include County NatWest Wood Mac (often regarded as the guru of the sector), James Capel, Kitcat & Aitken, Morgan Grenfell, Lawrence Prust and Philips & Drew. Market-making in investment trusts is dominated by BZW and Warburgs.

As in the past, the emphasis of ALC's coverage will be on research and dealing for institutional clients, as 70 per cent of the sector is in the hands of the institutions' investors. However, ALC's position as one of the top private client firms in London means that the team will be closely in touch with the managers of ALC clients' portfolios.

Indeed, selling investment trusts to private clients should be easier in a sense, as most fund managers see no reason

Analyst Peter Walls

in paying another fund manager to invest in shares for them.

For institutional clients and the more adventurous private investor, the excitement lies in "a case of spotting the next corporate play," according to Walls. Because most trusts trade on a discount to net asset value, a predator which takes over a trust is effectively buying a portfolio of stocks well below current stock market value. The latest example was in October this year when the British Coal pension fund took control of TR Industrial & General (Trig).

Corke argues there is likely to be more of this type of activity. "Many shareholders in the big investment trusts have held the shares for a long time. These were bought often because the institutions did not have their own funds in certain areas, such as the Far East. But a number of large institutions have now become wholesale sellers."

However, he sympathises with the predicament of small shareholders whose combined votes account for only a minority in the event of a takeover. He feels private investors were pushed into selling out of Trig after the institutions had sold their larger holdings.

Although Corke and Walls caution small shareholders against buying investment trusts for takeover potential alone, they see them as a cheap way into a managed portfolio, especially as the charges are normally lower than those on a unit trust. Many investment trusts offer savings schemes which enable investors to take advantage of pound cost averaging and low dealing costs, with monthly limits as low as £25.

Moreover, the threat of takeover should now be spurring investment fund managers to try to perform well, instead of the rather passive and lacklustre attitude many of them adopted in the past.

Similarly, the teams which follow them will also have to justify their acquisition costs or face the threat of losing their jobs. All in all, the sector looks like remaining lively.

■ *The ALC Investment Trust Year Book will be published on December 15.*

Watch out for CGT liability

EXPATRIATES

FEW British expatriates can afford to ignore the sweeping changes in capital gains tax (CGT), both those which have been incorporated into law already and those proposed this July in the Inland Revenue's consultative document. If you intend to return to the UK eventually, it is worth taking note as what you do now will affect your CGT liability then, writes Donald Elkin.

Perhaps the most important change is the charging of capital gains at income tax rates – although only after deduction of the annual CGT exemption of £5,000. This makes it even more important to eliminate all capital gains before you resume residence in Britain. There will no longer be any point in trying to convert income into capital gains, or to go for uncertain and irregular capital gains rather than generating a secure income.

Another significant change since this year's Budget is to bring forward the base date of CGT to April 1, 1982. That is to say, all assets acquired earlier than that are treated as having been bought on April 1, 1982, at their market value then, eliminating from charge all gains accrued beforehand.

Gains on UK property made while working abroad are still exempt from CGT providing you use the property concerned as your principal private residence (PPR) before and after your return. The Inland Revenue has confirmed that this will include properties used as PPRs before April 1, 1982, as well.

Meanwhile, the long-awaited separate taxation for husbands and wives will begin on April 6, 1990. This means most married couples resident in the UK should divide between them assets likely to give rise to capital gains in order to achieve the maximum benefit from the dual CGT exemptions and 25 per cent tax bands.

So, expatriate families where only one partner is a UK resident should make sure that, when they return to the UK, the exempt non-resident owns any assets which might be liable to CGT.

The new system has its drawbacks. One casualty will probably be the gifting of assets to the UK resident spouse by a non-resident/not-ordinarily-resident husband or wife. At the moment, the donor pays no CGT while the recipient takes on the assets at market value. So, it is a cheap and easy way of eliminating capital gains from assets. In future, you might need to have recourse to settlements – a more expensive and less flexible way of achieving the same result – although the outcome is yet to be published.

Another penalty of the new measures is the ending of additional PPR exemption which was granted formerly on properties occupied by a dependent relative of you or your spouse. However, properties which have been occupied all the time since April 5, 1988, or earlier, will still be exempt.

It is unlikely that we have seen the end yet. Further changes in CGT may well include the proposal that anyone who is absent from the UK for under three years should remain subject to CGT as far as gains on assets acquired before leaving the country are concerned. If you are sitting on a large gain, this could be your last chance to realise it tax-free at the small cost of one year's non-residence.

■ *Donald Elkin is a director of Wilfred T. Fry of Worthing, West Sussex.*

Such an absurd tax

FT experts discuss the complications of CGT

IS IT better to receive capital gains rather than equivalent income? Should you opt out of "kink" testing for your portfolio of assets? Do life interest trusts offer new tax planning opportunities?

In his 1988 Budget, Chancellor Nigel Lawson increased substantially the rate of capital gains tax (CGT) for many transactions from 30 to 40 per cent. This increase, taken together with the changes in income and inheritance taxes, has altered traditional tax planning radically. Yet, the implications of the new system of CGT have been ignored widely, perhaps because it remains an absurdly complex tax.

A new booklet* describes the 1988 charges to CGT and offers advice on new planning opportunities and decisions which need to be made now.

One of the more welcome changes the Chancellor introduced to CGT in the 1988 Budget was the abolition of the tax on the inflationary gains made between 1965, when CGT was introduced, and 1982, when indexation of CGT profits to allow for inflation gains was brought in. This is achieved by ignoring all gains made before March 31, 1982, and using that date as a basis for calculating CGT liability.

This sounds simple enough until you discover that the legislation requires each new CGT calculation (with substitution of the 1982 market value) to be compared with the same calculation under the previous system (i.e. without any market value substitution). A comparison of the results is then made. Where both calculations produce a gain (or loss), the smaller figure is then used. However, when one of the calculations produces a gain and the other a loss, then neither gain nor a loss is deemed to arise on the transaction concerned. This process is known as "kink" testing.

Unfortunately, "kink" testing was not considered quite complicated enough by those who devised the new system for calculating CGT. As an additional refinement, taxpayers have an option to elect out of "kink" testing by agreeing to an automatic substitution of the 1982 market value for all assets bought before that date. You normally have up to two years to decide. But once the choice is made, the method chosen applies not only to current transactions but to all future transactions. Thus, you have to be very careful. Although electing out of "kink" testing for one disposal might save money, it could increase your tax liabilities on other disposals.

When capital gains were chargeable at 30 per cent and the highest rate of income tax was 60 per cent, there was a clear incentive to ensure profits were regarded as capital rather than income if possible. But after the 1988 Budget this incentive has largely disappeared, since CGT is now equivalent to your top rate of income.

Nevertheless, several other factors need to be taken into account before deciding whether to attempt to make the profit on the sale of a second home or piece of land charged to income tax or CGT.

Trusts are liable to different rates of CGT. Life interest trusts are subject to only a 25 per cent rate, whereas accumulation or discretionary trusts are liable to 35 per cent. But trusts in which the settlor has an interest (whether or not set up before 1988) will normally be liable to a 40 per cent rate.

Priority should, therefore, be given to reviewing existing and proposed trusts set up by a will. For example, if large capital gains have accrued on trust property, you can arrange that the beneficiaries are entitled only to an interest in possession, thus reducing the CGT rate on the subsequent disposal of that property from 40 to 25 per cent. Gifts into life interest trusts, rather than directly to individuals, may now also be advantageous if the gift consists of an asset pregnant with substantial gains.

New legislation, possibly restricting the use of trusts, has already been threatened by the Treasury and could well be introduced in the 1989 Budget. So, action is needed within the next six months.

* *A Tax Revolution – the 1988 Capital Gains Tax Changes, by Simon McKie, head of consultancy at Comprehensive Financial Services, and Adrian Baird, chief taxation adviser, Country Landowners' Association.*

FINANCE & THE FAMILY

Christine Stopp on phased investment plans and their appeal to cautious investors

Route into equities

PHASED INVESTMENT plans are being marketed by some insurance companies as the perfect way into the equity market for the cautious investor who is nervous of volatile market conditions. The idea is to start off with a lump sum which is put initially into a high-interest account. It is then syphoned-off in instalments and switched into a unit trust to give a capital sum, all in units, at the end of the day. But do you need a plan to do this? Why not simply transfer your own money into unit trusts from a high-interest account over a period of time?

The point of the plans is that, instead of risking the whole lump sum in falling markets which might fall further, the money earns a comparatively high rate of interest while taking advantage of pound cost-averaging to beat the fluctuations in unit values. For instance, in a period when the market falls and then rises to its original level, £1,000 put into units through a phased plan will be worth more than £1,000 put in at the outset. As prices fall, the number of units bought for a fixed sum increases, so the phased investment will be translated into more units than the lump sum investment.

This is a sound strategy for uncertain times, but does the investor need a custom-made package to achieve it? We looked at the three main phased investment plans on offer and constructed a do-it-yourself imitation plan. The conclusion was that the packaged plans are worthwhile to save time and administration. They put together neatly the high interest and unit trust elements.

The three plans on offer carry attractive bonuses or discounts. The disadvantage is that two of the plans have setting-up fees and all of them limit you to the choice of one unit trust manager. A DIY plan is a way to cream off small amounts from a very large high-interest account balance to build up a small unit trust holding.

We have used Brown Shipley or Scimitar unit trusts for our plan, as these are the only two groups which offer routinely a 3 per cent bonus on all contributions to their regular savings schemes. Some groups have high-interest accounts associated with their unit trusts, although not through a phased investment scheme.

However, the main problem with putting together a DIY plan is the minimum required on high-interest accounts. We have taken the Allied Arab Bank's high-interest cheque account for purposes of illustration. This requires a £2,000 minimum in order to earn the 12 per cent gross rate shown. If the balance drops below £2,000, the interest rate is 5 per cent lower.

Because of this, it is impossible to run down the whole lump sum by transfers into units. A minimum of around £2,300, with the addition of 12 per cent interest credited monthly, will maintain a minimum transfer of £25 a month into a regular savings scheme over at least two years without reducing the account balance below £2,000. However, the investor will end up with a much smaller amount in units than through a packaged plan and the interest rate might fall, throwing out the calculation.

In comparison, Chase de Vere has produced figures to go with a phased plan. These assume investments over a year. An imaginary unit trust is priced at 100p on January 1, falls to 50p on July 1, and rises again to 100p on December 31.

At the year-end, the investor who put in £10,000 on January 1 has £9,400 at bid values (the loss being the amount of the bid/offer spread). However, the investor who put in a total of £10,000 in monthly tranches over the period ends up with £11,402.

Combinations of a high-interest account and unit trusts are not the only way of using the phased investment idea. The Pru's new Private Portfolio scheme is an insurance bond in which you can keep your money in a cash fund and, with a minimum of £10,000, transfer it regularly into equities. But as the cash fund has an 0.75 per cent annual management fee, this seems an expensive way to go about phased investment, especially since the tax consequences of the bond need careful consideration. For this reason, most investors would be better off with a direct unit-holding.

Which is the best value of the phased investment schemes? Chase de Vere and Gartmore look more attractive than Mercury on interest rate grounds. If you expect interest rates to fall, Chase de Vere is the one to go for, as its interest rate is fixed.

All these considerations leave on one side the likely performance of the trusts concerned, which could easily outweigh small differences in interest rates. Moreover, the plans offer an element of protection only over the period when their money is being tranferred into the market.

PHASED INVESTMENT PLANS

Plan	Fees	Bonuses/ Discounts	Term	Investment	Min. Investment £	Interest Rate (Net)	Account with
Gartmore Capital Development	3% start fee Normal U.T. charges	3% discount on units 1% loyalty bonus at end	13 months	21 Gartmore trusts	2,500	8.58	Gartmore call fund
Chase de Vere Phased Investment Programme	Normal U.T. charges	2% bonus on each transfer	12 months	2 MLA trusts	5,000	8.00	MLA Bank
Mercury Capital Investment Plan	2.5% start fee Normal U.T. charges	3% discount on units 1% loyalty bonus at end	24 months	16 mercury trusts	1,000	6.50	C+G building soc.
DIY Plan (does not transfer whole sum)	Normal U.T. charges	3% discount on units	24 months (variable)	14 Brown Shipley or 5 Scimitar trusts	2,300 approx.	9.21	Allied Arab Bank Hica

I did it my way

EARLIER THIS month, unsolicited mail promoting various unit trusts started to plop through my letter-box, after a summer of respite.

Should I be tempted back into unit trust investment? I had sold most of my unit trust holdings in three stages; in July 1987, when I was concerned about a possible crash, in October 1987 at the start of the crash, and the remainder in May this year, reflecting a general lack of confidence in the performance of the unit trust concerned.

Why? There are now more than 1,000 different unit trusts and their performance over the past year has been variable. While some have managed to turn an investment of £1,000 on October 1 1987, into £1,200 or more 12 months later, others have turned £1,000 into less than £260 in the same period.

Even over three years, their performance has ranged from a profit of almost £2,000 to a loss of over £700 on an investment of £1,000.

I believe that with the current state of the market, it is probably easier to choose shares rather than individual unit trusts.

For instance, my wife's share portfolio (including those in her personal equity plans) consists of carefully chosen investments in only twelve companies. One of those companies, Celestion Industries, which manufactures the unlikely combination of swimwear and sound reproduction systems, has already risen from the purchase price of 30p earlier this year to more than 65p.

Another, Avdel, purchased at 40p in 1986, when it was called Newman Industries, is the subject of a takeover bid from Banner Industries worth 80p per share. Liberty, bought in 1986 at 680p, is now more than £11 per share. This has had a remarkable effect on her share portfolio in percentage terms.

The three companies were all capitalised at less than £100m, so they were unlikely to appeal to many fund managers, even those specialising in small companies. At 30p, Celestion was capitalised at less than £15m, which was probably too small or too risky.

In any case, if the shares had been bought, their effect on overall performance would have been minimal because such investments would have represented only a small proportion of the trust.

Another disadvantage of specialised unit trusts is that if a particular sector or country suffers a serious setback, the managers cannot suddenly change direction; they are stuck within a straitjacket. It is also much easier for a shareholder to sell quickly and go into cash.

Apart from overseas markets, where it is difficult for the private investor to invest directly, he or she may well be better off picking and choosing his own shares.

Also, he would save the trust fees of 5 per cent or more of his initial investment and 1.5 per cent or so per year of his share value in charges.

Kevin Goldstein-Jackson

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A home for mother and me

Would you please clarify a point on "reservation of benefit" as it applies to inheritance tax.

I have an 87-year-old mother who is living in a house which is one third hers and two thirds mine. She wishes to transfer her one third of the house to me but to stay on in the house until she dies. I believe that normally in such a case the house remains as part of her estate for inheritance tax purposes. However, I have been told that there is an exemption from this "reservation of benefit" ruling where both an unforeseen change of circumstances and her old age and infirmity are cause enough for the transfer not to be treated as a reserved benefit, provided it represents reasonable provision for the care of maintenance of the donor of the house.

My mother's husband (my step-father) died in October 1987. Does that qualify as an "unforeseen change of circumstances" now?

I pay all the expenses of running the house. Does that constitute "reasonable provision for the care and maintenance of the donor"?

What steps should I take to take the one third share of the house out of my mother's estate for inheritance tax purposes?

There will not have been an unforeseen change of circumstances since the time of the gift if, as seems to be the case, the gift of the remaining one-third share has not yet been made. It would be better for your mother to sell you her one-third share and to make a gift of the price to someone other than you (e.g. your children). She would remain in the house not by virtue of her former interest in it but because you, as owner of a majority interest, permit her to reside there.

Ignorance no excuse

I retired from full-time employment some five years ago and I have been carrying out occasional assignments subcontracted by a firm of management consultants to me as a self-employed person.

In addition to fees, I receive reimbursement for any overnight accommodation and 21-25p per mile for my car journeys. I have not declared these car expenses on my tax return as I believe that, for limited amounts at least, the CIR allow a mileage rate (31p). Am I correct in this belief?

Your tax inspector could seek to impose penalties on the ground that you have wilfully concealed the payments in question. You might wish to consider engaging the services of an accountant to negotiate a settlement with the Inland Revenue on your behalf. It is unwise to try to conduct your own tax affairs, when self-employed, unless you have a good working knowledge of tax law in relation to case II of schedule D. The courts have confirmed that ignorance of the tax laws is not an acceptable excuse for failure to comply with them.

Gift for a son

I have a life interest in my late husband's estate who died without leaving a will. I would like my only son (aged 25) to have the capital of the estate now. Is it possible for me to renounce the life interest. If so, what would I need to do.

If you have not yet taken any benefit under your husband's intestacy you can disclaim the statutory legacy and life interest. Otherwise you would have to assign your interest to your son, which would constitute a gift by you unless you do this by a deed of arrangement executed within two years of your husband's death.

Trees are a nuisance

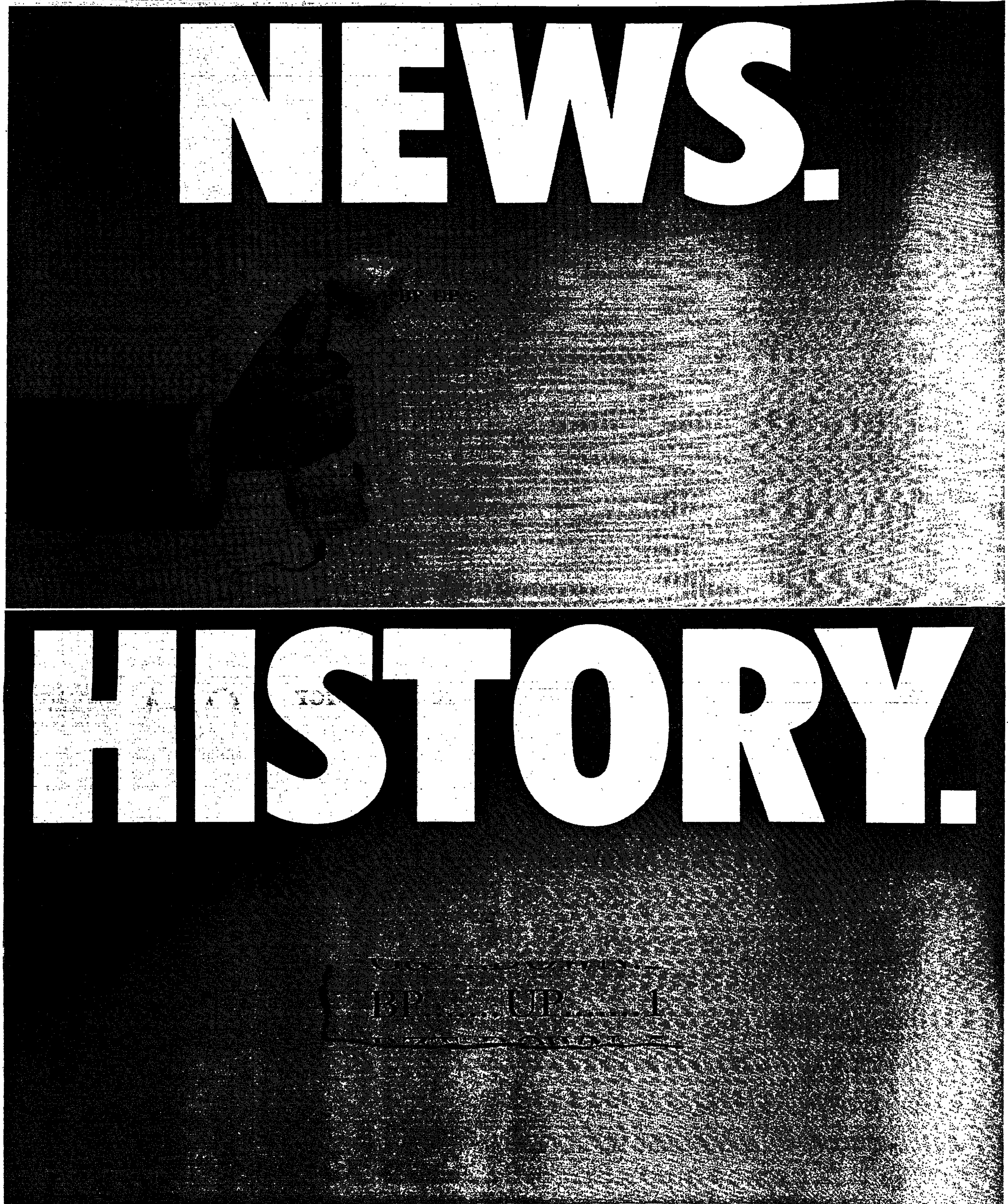
My neighbour has two trees just inside the boundary between our properties which are creating a nuisance. These trees have now reached a height of approximately 20 feet above my roof with branches overhanging the roof of my house and lateral roots protruding into my garden.

The branches of the trees discharge leaves and pine needles into my gutter, which is having to be cleared more and more frequently. The branches have also caused damage to my television aerial.

I also wish to lay a path at the side of my house which will require the removal of the lateral roots which protrude above ground level.

These trees are of such a height now that a professional will be required to deal with the problem. My neighbour is proving totally uncooperative.

You are entitled to insist on the removal of those parts of the trees, branches or roots, which come onto your side of the boundary (or within the air-space over it). If the owner will not co-operate you (or your contractors) are free to remove the trespassing branches or roots.


NEWS.
HISTORY.

WEEKEND FT REPORT/CHRISTMAS FARE

Old-fashioned values — at 1988 prices

***Lucia van der Post** reports*

WITH RAMPANT nostalgia abroad on the high street, Christmas could not have expected to emerge unscathed. Christmasses, in case you hadn't noticed, are getting more and more old-fashioned. The further down the road to the 21st century, the more there seems an urge to escape into a romantic, pre-industrial past when families were large, houses lush, and Christmas one long feast from morn until night.

Those Christmasses of years gone by began in October with the ritual stirring and making of the Christmas cake. From then until the big day itself, anticipation built up to fever pitch. Old-fashioned family games, sumptuous feasts, prettily-clad children and home-made toys were, we are given to understand, the order of the day.

In stores up and down the country it is the mythical, archetypal Christmas that seems to move commercial mountains and sets the tills a-clanging. Buy this, they seem to cry, and you, too, will have a Christmas like the ones that used to be. Whether it be Christmas cards or baubles, puddings or toys, an historically imprecise "Victorian style" reigns supreme.

Over at Harrods they call it "Edwardian," but no matter — there, you will find gingham-wrapped, perfectly round Christmas puddings looking as if they had come straight from a Dickensian table. There are authentic copies of original "Edwardian" baubles to hang on the tree and you can carry on the theme with an "exclusive range of Christmas cards, gift wrapping, calendars and accessories, specially created for our 1988 Edwardian Christmas."

These, you will not be surprised to learn, are based on period illustrations which "evoke the mood of a golden age." Of the homes where the families were disagreeable, children malnourished and badly clothed and food scarce, we hear nothing. Nowhere is the recreation of Victorian Christmas more apparent than in the world of food and drink.

All the best things to eat, it seems, are "traditional" or Victorian or based on "authentic" recipes handed down through the ages. Completely spherical Christmas puddings, you might have noted, are much more genuinely "old-fashioned" than pudding-shaped ones. Once, the National Trust was the sole source of these authentically Dickensian shapes; these days they are, if not everywhere, certainly easier to track down. The Conran Shop (77 Fulham Road, London SW3. tel. 01-589-7401) sells them at £11.95 for a large one, £4.95 for the small one.

Even at David Mellor (4 Sloane Square, London SW1, tel. 01-730-4259, and 26 James Street, WC2, tel. 01-379-6947) — as modern-minded a cook's shop as you could hope to find — puddings (although not round but in nice, re-usable Ascot basins) are "based on Eliza Acton's light and spicy mid-19th century recipe, containing raisins, currants, bread crumbs, suet, flour, preserved ginger, cooking apples, eggs, brandy, citrus rind and juices, mace and nutmeg." (Nostalgia, you will notice, doesn't come cheap: Eliza Acton's pudding will set you back £6.25.) If you believe in making your own pudding and you feel it really must be round, then David Mellor will sell you the proper rotund mould, Mrs Beeton-style, to enable you to make your own, at £6.95 (p+p 95p).

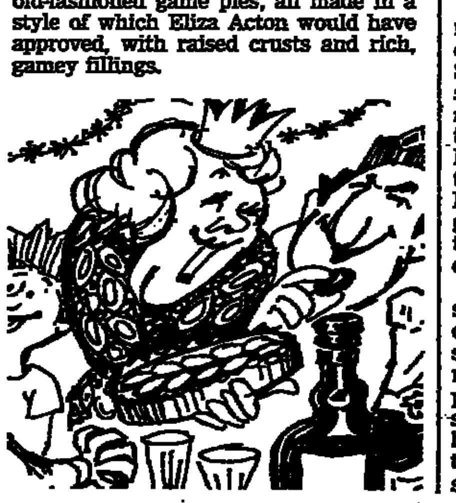
Dickensian Christmasses, of course, were unencumbered by E-numbers and the obligation to go in for careful label-reading. Authenticity, therefore, goes hand in hand with a longing for things natural and unadulterated. A host of food companies has grown up promising to serve up only the whole, the natural, the pesticide-free. You can order additive-free, natural foods by the hamperful from the Original Wholefood Hamper Company (Building Y, Metropolitan Wharf, Wapping Wall, London E1, tel. 01-702-2544) At Culpeper (21 Bruton Street, London W1, tel. 01-499-2406, plus branches in Covent Garden and Hampstead), you get the promise of *"no preservatives nor colouring nor anything artificial."* Buy its spicy almond cakes, its Montelimar nougat Christmas bell, its honey wafers, its Christmas puddings, and you won't be swallowing anything you'd rather not think about.

When it comes to the centrepiece of the Christmas ritual — the bird on the table — geese, it seems, for the historically-minded, are more "traditional" than turkeys. Not only do they seem to go back further into the mists of time but geese are reared mainly in the old-fashioned traditional ways, grazing about in fields and pecking on the farmyard corn. These can be ordered from nice, messy, proper farms that will guarantee no beastly battery breeding or chemical fertilisers.

Companies like the Pure Meat Company of Moreton-hampstead, Devon (tel. 0647-40321) aim to provide high-quality meat that is produced in traditional ways without using additives, hormones or other chemicals. It supplies directly from its shops in Taunton and Moreton-hampstead and, when meat is ordered by mail, guarantees next day delivery (though don't, it begs, leave everything until Christmas Eve).

Interesting for Christmas is its goose (stuffed with a turkey, chicken, pheasant, a pigeon AND some traditional stuffing) — simplicity itself to roast and to carve and it provides enough to feed 20-25. It will set you back £87.50; but then, neither tradition nor purity ever comes cheap. If that sounds too daunting to handle, there is a boned-out turkey stuffed with Pure Meat's own stuffing, shaped into a round ball and ready for roasting (£3.50 a pound).

The Teesdale Trencherman, Startforth Hall, Barnard Castle, Co. Durham DL12 (tel. 0833-38370), is another company that specialises in fresh, high-quality meat and it delivers to London every fortnight and by mail to the rest of the country. Besides fresh meat and game from the estate, it sells its own old-fashioned game pies, all made in a style of which Eliza Acton would have approved, with raised crusts and rich, gamey fillings.



And now for a short break with tradition

THIS IS the story of Alice Through the Cooking Class. Musing on my December calendar, I watched as a dismal procession of turkey rissoles, turkey sandwiches and turkey quiche marched relentlessly from Boxing Day to the New Year. I followed them through a hole in a colander and found myself in a world of culinary experts, searching for Something Different for Christmas.

"Oysters," said the eponymous chef of Alistair Little's in Soho, revealing a native Lancastrian directness and a Gallic palate, "followed by *foie gras* and a goose with truffles, prune and pork stuffing. And Christmas pudding," he added, transporting me abruptly from France to Frith Street.

Further west, amid the mosaic tiles and stained glass of Michelin House, Bibendum's Simon Hopkinson declared a similar allegiance: oysters *au nature*, *foie gras* with some truffle in it. "It's traditional in French terms and I'm a bit of a traditionalist in lots of ways. But, for the entrée I'd go for game and, for me, king of all the game birds is the woodcock."

Because of its distinctive sanitary habits (an explanation of which has no place in this story), the woodcock can be roasted with its innards in, providing the basis for a rich sauce made with a little brandy and poultry stock. And to follow? Like Little's, Hopkinson is unequivocally enthusiastic about Christmas pudding — "preferably one made by Joyce Molyneux of the Carved Angel, Dartmouth, and swimming in brandy sauce."

At the Leith School of Food and Wine in Kensington, west London, I met Sally Procter, the joint principal, who describes the school's style as "French with an English interpretation"; modern, rather

So many cooks, so many ideas... Marilyn Bentley feels like Alice

more health-conscious than traditional French cooking, with the emphasis on immaculate freshness. Like founder Prue Leith, she eschews elaborately formal presentation and groans at the thought of the flooded aspic tray.

For Christmas, her choice is goose. "I think people actually prefer the traditional foods," she says, "just as you'd expect strawberries and cream at a summer garden party and you'd be a bit disappointed if you didn't get them. Half the problem is that magazines have trouble thinking up new ways of presenting the same things year after year. It's they who want something different."

Her suggestion is to add innovative touches to old favourites: a boned turkey with a stuffing of herbs and gammon, served in slices; chopped bananas added to traditional mincemeat in canapé-sized pies, or in an open flan drizzled with icing sugar. An ice-cream bombe incorporating plums soaked in alcohol sounded tempting but, with an eagerness I was beginning to recognise, she went on to describe the Leith "cannonball" Christmas pudding (an allusion to shape, not texture), flamed with brandy and a classic vanilla sauce.

For a real break with tradition, I turned to Evelyn Rose, cookery editor of the *Jewish Chronicle*, fairly confident that she wouldn't mention Christmas pudding. The Jewish festival of Chanukah falls, like Christmas, in mid-December, celebrates a miracle and is the occasion for much rejoicing and hospitality. "The point of the food is that it should have some symbolism, some affinity with the festival," Rose explains.

Central to the story of Chanukah, the festival of lights, is the sacred lamp which was kept burning miraculously for eight days on a single day's supply of oil. So, the oil becomes the symbolic ingredient in Chanukah cookery; for instance, in the dish of fried minced meat, onions and pine kernels, flavoured with cumin and allspice.

The most famous Chanukah dish, though, is the *latke* — grated potato mixed with egg and flour, seasoned and deep-fried in oil ("a once-a-year dish," laughs Rose, with a weather eye on the Nacne report). So, too, are the rich little fried doughnuts known as *sufganiyot* in eastern Europe, where they are stuffed with jam, rolled in sugar and eaten as cakes. In the Moorish-influenced Western tradition, they appear as *bimuelos* and are served with honey or a rosewater-flavoured syrup.

As a symbol of hospitality and celebration, sweetness has a place in Jewish cookery dating back to Babylon, says Rose. With the dispersal of the Jews in the diaspora, ways were found to create a common symbolism using whatever ingredients climate and circumstances could provide — like the sweetmeat originating from Egypt, made of chopped dried apricots and sugar and topped with almonds, pine kernels or pistachio nuts.

At this point, with my hips expanding almost as fast as my imagination, I sought the advice of leading vegetarian cookery writer Rose Elliot. "I have a childlike love of Christmas," she says, and an alternative to the turkey centrepiece presents her with no problem whatsoever. She serves a mixture of nuts, onions, breadcrumbs and egg, stuffed with herbs and parsley, all in a glazed and decorated pastry case and surrounded by clementines from which the flesh has been scooped, mixed with cranberries and port, and replaced in the fruit shells.

From the bubbly to the malt

***Edmund Penning-Rowsell** with a guide to good drinking*

ALTHOUGH THE wine industry pins its hopes and expectations of profit on the Christmas and New Year trade, this is a time more associated with ample eating than discriminating drinking. However, this does not rule out due consideration of the wines to be consumed and these festive meals provide opportunities for drinking wines that may cost rather more than one's normal outlay. Prices given below are only a broad indication of general levels for each wine.

Starting with the aperitif, the obvious choice is champagne. A rosé would be attractive, although rather more expensive than a non-vintage — from £12 to £16 a bottle. House rosés of supermarkets will be around £9. As there are more than 60 rosé champagnes on the British market there should be no problem in finding them, although I might be cautious in picking them off supermarket shelves. Champagne can suffer quickly from the bright light in which they often are stored.

An alternative is dry, but rich, concentrated old sherry — fine old amontillado, dry oloroso or palo cortado. If either of the first two are picked, make sure they ARE dry. Most amontillado is what is described commonly as "medium" while nearly all oloroso is sweet, including the "cream" sherries.

My favourite, and one likely to surprise guests, would be palo cortado, a sherry midway between amontillado and oloroso and produced more by accident than design: a very concentrated, nutty wine with a powerful, enticing aroma. Most merchants list one these days and recently I have been enjoying Harvey's (£8.49).

Another possibility is a dry sercial Madeira (£6), a much-neglected wine that goes very well with soup. But if you are considering having a Madeira at a meal, its best place is with the dessert and a rich bual or Malmsey.

Coming to the Christmas meal, if there is to be a fish course then a fairly crisp, not too alcoholic white wine would be appropriate: a Sancerre or Pouilly Fumé (£6-£6.50). But lighter still would be an estate-bottled Kabinett Riesling from the Moselle (£5-6). A young one from 1983-1985 will go very well with white fish. Dryer but distinguished would be an Alsace Riesling or the fuller-flavoured Gewurztraminer. They will cost between £5 and £6 each and the vintage to go for is '85 (although '86 is good, too).

As the main course is likely to be turkey or game, the obvious choices are red Burgundy or Rhone. When more than one wine is to be served and carried to the cheese course (if there is one), a good cru Beaujolais would be excellent initially: a Fleurie, Juliénas or a Moulin-à-Vent (£5.50-£6.50). As these in a good vintage improve with age, a 1985 is to be recommended if available.

Moving on to the Côte d'Or, I would settle for a reliable Côte de Beaune Village or a Côte de Nuits Villages (£6-£8). ("Reliable" means that it is acquired from a wine merchant with a reputation for good Burgundy.) Slightly less expensive would be a Mercurey or Givry from the Côte Chalonaise (£7-£8), which are lighter.

No less appropriate, and preceded by a good Côte-du-Rhône (£4-£5) or a Crozes-Hermitage (£5-£6), would be a Châteauneuf-du-Pape. This is a very variable wine and, more often than not, drunk too young. Vintages to look for are '83, '82 and '81 (£8-£10) although the classic vintage, now rare, was '78 (£10).

If claret must be on the menu, however, a good '81 cru bourgeois (c. £6) or a '79 (c. £7) would fit the bill; nor should petits châteaux '82 be ruled out. In view of the enormous range of red Bordeaux, you would be well-advised to take advice on what to choose.

When the cheese and stilton is on the table (and cut it horizontally rather than digging into it), the only possible wines are port and sweet Madeira, although some might put in a claim for these wines with goats' cheese. I would prefer to keep these fortified wines for the dessert.

I have never found a wine to go with Christmas pudding although there are advocates of a sweet muscat such as Muscat de Beaume de Vines (£7-£9), Muscat de Rivesaltes (£5) or Setubal (£10.72). (These last two wines I can find only on the excellent list of Tanners, 26 Wyle Cop, Shrewsbury).

Clearly, the dessert calls above all for port, not least for those who drink it seldom. Vintage is the obvious first choice and, for those who possess them, '63 and '66 are splendid; but for those who have to buy them, they are in the £30-£45 range. Lighter and less costly are the '75s (£18-£20). But few are likely to be disappointed by one of the single quinta vintage ports such as Taylor's Vargellas '76 or '78 (c. £16), Graham's Malvedos '78 (c. £15) or Dow's Bomfim (c.£14).

In theory, these are "off or non-declared vintages." In fact, they form the core of the houses' traditional "on-vintage" wines but mature more quickly. There are two very acceptable alternatives, crusted and tawny. The former is a blend of more than one vintage, matured in wood for three or four years. Until recently, this traditional type of port was almost extinct, but it has come back into favour because it is more developed than vintage and much cheaper (£8).

However, at a time of substantial meals, the claims of old tawny (much lighter than vintage) are strong. It is usually at its best after 20 years (£20) and certainly not less than 12-15 (£10-£12).

If port is the obvious fin-de-menu wine, a more striking choice would be fine old Madeira; for it is not a very exciting wine when young. The youngest one of quality, and likely to be found on traditional wine merchants' lists is Cossart Gordon's 15-year-old Duo-Centenary Celebration Bual (£15), but the youngest vintage of real class is '52. That will cost about £10 more but is a real experience.

With fruits, but not oranges, nothing is more likely to be welcomed around the table than Sauternes. The vintages available now are likely to be '83 (£12-£18) and '81 (£12). For a party of six, a half-bottle is enough after a succession of other wines.

At New Year, those in Scotland who celebrate it more extensively than they do Christmas may well drink the same wines with similar foods, perhaps omitting the Christmas pudding. But for those everywhere who see in the New Year, there is only one drink to be recommended above all others: single malt whisky. There is no lack of choice.

WEEKEND FT REPORT/CHRISTMAS FARE

Take a few tips from a Veggie

FIRST, a question. Does the idea of raw fennel, apples and hazelnuts in an orange dressing sound appealing or appalling? If appealing, fine. If appalling, then you had better avoid Christmas at my house.

Not that all the food at Christmas will be raw. Far from it. There'll be a hot roulade of mushrooms (almonds, breadcrumbs, garlic, soured cream and mushrooms), spicy chick peas, parsnip galettes and lots of others. But more of that later.

I've been a vegetarian for about five years. And before you ask, as many do: no, I do not eat fish. I am not one of the fashionable "demi-veggies" — I'm a lacto-vegetarian. I eat no flesh but am happy to eat cheese (if it's free from rennet), eggs, yoghurt and milk.

I am not conducting any great crusade against the slaughter and eating of animals. Indeed, my three children still eat the occasional sausage, fish finger, and beefburger. It is simply that I prefer vegetarianism. I prefer the tastes, textures, colours and almost endless seasonal variety of the food.

Before turning vegetarian I had been a thoroughgoing meat and fish eater for 30 years, apparently enjoying a pheasant, steak or a piece of halibut. Many thought the change to vegetarianism was a fad, a mere dalliance. But I think I've proved them wrong.

So, what are the needs of the dedicated vegetarian? It is very useful to live near a varied fruit and vegetable market so you can buy economically and in season. For years, I lived a short walk from the excellent Well Street market in Hackney, east London. Ridley Road, for even more exotic produce, was not far away, either.

Now I live in Cambridge. And those of you who know the city know the excellent market and its constantly changing array of colours: the blackened Fenland celery, succulent local asparagus.

Vegetarians also need their supermarkets. Most have a range of rennet-free cheeses and I'm particularly partial to Sainsbury's Welsh goat version. Holland & Barrett and Marks & Spencer also have good selections.

Enough of the shopping: let's get on to the eating. What will Christmas at the Kitchings consist of? Here's a flavour.

First, Christmas Eve, on which we usually eat something light and rather different. We'll probably begin with some homemade houmus and falafel, eaten with pitta bread and olives. Then, perhaps, homemade samosas with a salad of frisee and radicchio, followed by a syrup and lemon tart. To drink: a Crozes Hermitage or decent Rioja.

Christmas Day: this will begin, as always, with a glass of champagne and croissants with greengage jam. Lunch will probably be brown lentil soup with lemon (it's lovely, honestly) followed by a melon water ice. Then we shall probably have a roustade of mushrooms with baked potatoes, soured cream, brussel sprouts with brazil nuts and carrots braised in cider. The Christmas pudding would be to a vegetarian recipe from a book by Gail Duff. To drink: perhaps a Penfolds Coonawarra Shiraz from South Australia.

At teatime, there will be a Christmas cake from a Jane Grigson recipe plus fresh dates, rennet-free cheese and nuts. Supper might well be an omelette *aux fines herbes* (herbs picked earlier in the year from the garden and frozen) with a simple salad.

Boxing Day: a lunch of broccoli, lemon and garlic pasta with perhaps some Pinot Grigio to drink, and an evening meal of black olive paté, crudités, and a celery and blue cheese soufflé (using Sainsbury's rennet-free Danish blue) with a watercress and tomato salad. Perhaps the pudding will be Hunza apricots (usually available only from health food shops) and *fromage frais*. To drink: perhaps a Seaview Chardonnay, again from Australia.

If you don't want to stay in for a vegetarian Christmas, however, where can you go? Over the past few years there has been an increase in establishments catering for veggies. But there is still a gap in the market for a serious vegetarian restaurant rather than the traditional, if somewhat outmoded, stripped pine sort of place.

In London there's Cranks, of course, and I've always managed to get by on salads and at Joe Allen and Orso in Covent Garden and the Cherry Orchard in the East End.

Cambridge has made some strides out of the gastronomic desert for which it was noted in my undergraduate days early in the 1970s but it is hardly a foodie's paradise. Nevertheless, for vegetarians there's the tiny Nettles, next to the Arts Theatre, while Browns, which also has branches in Brighton and Oxford, is also good value.

John Kitching

New lease of life for endangered species

***Frank Grey** reports on the comeback by Havana cigars*

Edward Sahakian, Davidoff's manager, with his display of cigars

BEFORE THE US slammed the door in 1961 on trade with Fidel Castro's revolutionary Government in Cuba, the name of Alfred Dunhill ranked as one of the most popular brands of hand-made cigars produced in the Caribbean island state. Dunhill's British stripes notwithstanding, much of its Havana cigar business was carried out by its retail outlets in the US. That trade died out when the last of its US-held stock was sold, a period which did not take long given the American propensity for snapping up the remaining examples of an endangered species.

Because Dunhill US was forbidden to handle the Havanas exported from Cuba to Dunhill UK, the reputation of the marque, both in the US and in Britain, went into decline while the company expanded successfully into other up-market sectors of the male accoutrements business. But the good news for cigar-smokers in the run-up to Christmas is that Dunhill has moved back into the cigar business in a big way.

This month, it has launched a drive to sell Dunhill Havanas (eight sizes in all) in hotels, restaurants and retail outlets around the UK. Given the possibility of renewed trade ties between the US and Cuba, it is poised to hit the US market again with the product on which the company's reputation was built. Simon Stone, Dunhill's UK general manager, says the company has added two new sizes to its range: the Abajo, a 6in cone-shaped cigar, and a small demi-tasse, presumably to smoke with a demi-tasse of espresso.

The cigars are produced to Dunhill's specifications in several factories in Havana and the company's move emphasises the boom in the hand-made cigar business in the UK, which now amounts to about 5m "pieces" generating an annual retail volume of at least £25m.

The fact that Dunhill's cigar products, the most popular of which sell from between £3 and £6 apiece, will now begin to feature in the contents of some Christmas stockings has not been lost on the competition. Davidoff of St James's, just a stone's throw from Dunhill's Duke Street headquarters has weighed-in this year with a double-sleeved, tubed cigar, the Davidoff No. 2 (price £7.25). This contains a breathing hole enabling the cigar to absorb humidity when stored rather than undergo the inevitable drying-out that happens with conventional- full 70cm bottle sells for £85.

Not content with that, Davidoff has usurped the title as purveyor of the world's most expensive cigar. This year, it has brought to the market a 9in behemoth, created to mark the 80th birthday of Zino Davidoff, which sells for £25. This pips the famous Monte Cristo A of similar dimension, the previous title-holder, which retails for a mere £15.50. Monte Cristo, imported by Hunters & Frankau, is packaged in a small box resembling a tubed cigars.

Davidoff, probably the master of packaging, is also offering a small cedar boxette containing two double tubes and an 18cm bottle of special cognac for £37.50. In the belief that cognac and cigars go together, Davidoff has drawn on the reserves of Hennessy, the cognac-maker, to produce a blend of stem, heavy spirits, ranging in ages from 20 to 100 years. This is not for the weak of heart, either in terms of flavour or price — a carrying case for a snooker cue.

Hunters, however, has been told that there will be a fresh supply of Cohiba cigars, Fidel Castro's own post-revolution creation. Cohiba's capacity to meet demand has been limited by Castro's preoccupation with sending special shipments to favourite world leaders such as King Juan Carlos and Felipe Gonzalez of Spain, but assurances have been given that supplies are being stepped up. Given the small range, the Cohiba is probably the world's most expensive cigar, ounce for ounce. A pack of five Lanceros, the flagship piece, sells for £44.

Knight Brothers — at 120 years, the oldest family-owned importing concern in the UK and controller of the Romeo Y Julieta brand — is branching out. This week it launched a new brand, the Gloria Cubana, which is being supplied to UK retailers in four sizes. Knight Brothers describes the new marque as an up-market cigar, selling for between £3.50 and £5.10 apiece. Importer Joseph Samuels, the top marques of which include Bolivar, Punch and Partagas, has expanded its Les Hoyo series to include a slimmish 5in cigar selling under the name Du Dauphin at £4.20.

Riding alongside the cigar trade is that of piped tobaccos. Last year, these accounted for £150m in UK sales with Condor (owned by Gallaher) and St. Bruno (Imperial Tobacco) taking up roughly 50 per cent each of the market share. Much of the new action has been at the quality end led again by Davidoff and Dunhill; Charatan, which also produces some of the world's best pipes; Astleys of Jermyn Street, SW1; and the sweet, loose blends imported in bulk from the US by Forrestal.

The price range in piped tobaccos is narrower than in the cigar trade, rising from around £1.25 per 25 grammes to £3.00. This gentility on pricing does not apply to pipes themselves where the sky is the limit. Davidoff, Dunhill, and Astleys have racks of handmade briars selling in the £50-£75 range. Meerschaums, particularly, because of their intricate styles, often sell in triple and quadruple figures.

As recently as a week ago, Dunhill claimed to have offered the world's most expensive pipe, a handmade briar selling for £8,000. The Dunhill claim is not unassailable, however, for Davidoff manager Edward Sahakian has in stock his own perfect briar. It has a long, one-eight bend stem and a bell-shaped bowl, the flowing grain of which is deemed to be perfection itself. It has been subjected to X-raying, results of which have shown no interior imperfection or rogue foreign particles embodied in the briar.

As for the price, Sahakian explains: "We have put a price of £12,500 on it but, because it represents something perfect, we almost don't want to sell it."

The lucky dips that never seem to end

***Lucia van der Post** discusses the good and not-so-good things about hampers*

THERE IS something about a hamper that reminds us of sumptuous Victorian Christmasses before cholesterol or polyunsaturates had been heard of and when the essence of the season was abundance all around. For the thing about a proper hamper is that it is really lots of presents in one — the sense of dipping endlessly into the straw and coming up triumphantly with yet another goodie lends it a special charm.

Some fail to live up to their promise and, when the straw is unpacked, reveal only disappointing tins of peaches, mulligatawny soup and packets of uninteresting biscuits. But hampers are getting better every year. Quality and freshness are what the best of the hamper-gatherers aim for; and although this does little for the bank balance, it does do a lot for the contents.

A proper old-fashioned wicker hamper filled with real food doesn't come cheap but for sheer luxury it is hard to beat. You will not find much in the way of ready-packed hampers under £50 and the traditional purveyors of these luxuries like Fortnum & Mason, Harrods, Simpsons, Selfridges et al have gone to no end of trouble to find ways of divesting you deliciously of many hundreds of pounds.

If you think that food is the sort of present you would like to give, but can't run to the complete package, then there is a whole host of speciality foods that most people would be only too happy to find awaiting them come the happy day. Those who like wrapping and packing can always put together a hamper of their own. Containers can range from the real thing (Covent Garden General Store, Habitat, the General Trading Company, Heals, the Conran Shop and many others all sell versions of traditional hampers) to much less expensive alternatives like hat boxes, baskets, duffle bags, lunch boxes and even small plastic lunch boxes. Divertimenti, of 45-47 Wigmore Street, London W1 and 139-141 Fulham Road, London SW3, sells a sturdy box which looks good but, at just £2.50 and measuring 12in deep by 8in high, helps to keep the overall price down.

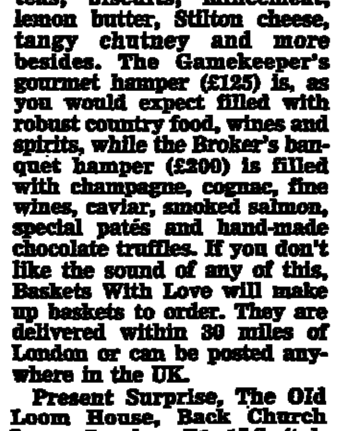
If you are thinking of giving something edible this Christmas, here is a list of just some of the more specialist companies that will wrap and pack, post or deliver. All you need is to decide what to send to whom and they will do it all.

Summer Isles Foods, Freepost, Achiltibuie, Rosshire 1V26, Scotland. (tel. 085482-353.). Traditional source of all smoked Highland delicacies from smoked salmon to proper oak-smoked kippers (a nice, natural, pale auburn, none of that glowing orange that speaks of the dyed variety). Lots of less-common smoked foods as well — eel, mussels, buckling and much more.

Pinneys of Scotland, Brydekirk, Annan, Dumfries, DG12 5LP. (Tel. 05763-401). Another purveyor of traditional Scottish smoked foods; but besides the sides of Gravadlax and Smoked Salmon, the smoked sea trout and the kippers, there is also smoked goose breast, caviar (both Beluga, £39.50, and Oscetra, £34.50) and hampers filled with — yes, you've guessed it — lots of their smoked goodies. Hampers for two are £34.95 and for four £49.95, while the Executive Hamper is £59.95.

The Original Wholefood Hamper Company, Building Y, Metropolitan Wharf, Wapping Wall, London E1. (Tel. 01-702-2544). The name might sound a little too "alternative" for some but the goods it offers are all guaranteed to be free of additives and preservatives and are as powerfully appetising as tradition demands. Go for smoked venison (culled!) or salmon, for jars of peaches in Marsala, for smoked quail's eggs and heavenly herbed olives, for chutneys, anchovy and olive paste and much, much more. Prices start at £35; but for £500 you get the top-of-the-range selection: curried fruit chutney, muscatel raisins in wine, figs in port wine, a side of smoked salmon, various cheeses, duck breasts, venison, smoked chicken, champagne, a Christmas pudding and almost every other edible treat you can think of.

The Chairman's Hamper, 27 Elmstone Road, London SW6 (tel. 01-731-1822) packs beautiful willow hampers with a fine but basically traditional selection of edible delights. You can spend as little as £19 sending a bottle of port and some Stilton in a willow basket or you can opt for the Royale which, for £349 (exclusive of VAT), includes some Dom Perignon champagne, grand cru claret and old malt whisky as well as Beluga caviar, smoked salmon, pheasant in Armagnac paté and a host of similar delicacies.



Baskets With Love, 707 Fulham Road, London SW6 5UL (tel. 01-731-7990) has developed a range of special baskets of its own. The Poacher's Pantry Basket, for instance, comes with a plaid throw, costs £86 and contains Perrier-Jouet champagne, Graham's 10-year-old tawny port, special teas, biscuits, mincemeat, lemon butter, Stilton cheese, tangy chutney and more besides. The Gamekeeper's gourmet hamper (£125) is, as you would expect filled with robust country food, wines and spirits, while the Broker's banquet hamper (£200) is filled with champagne, cognac, fine wines, caviar, smoked salmon, special patés and hand-made chocolate truffles. If you don't like the sound of any of this, Baskets With Love will make up baskets to order. They are delivered within 30 miles of London or can be posted anywhere in the UK.

Present Surprise, The Old Loom House, Back Church Lane, London E1 1LS (tel. 01-247-0627). It will dispatch almost anything from jewellery to woollen jumpers by mail; but for those who think hampers should be edible, it offers hand-made Belgian chocolates, personalised bottles of champagne or spirits.

Party Picnics, 39 Belleville Road, London SW11 (tel. 01-228-0298) will pack you a hamper of your own choice. But for those who prefer not to have to think about the party, it offers a range of suggestions of its own starting at £36 for the Knightsbridge and going on up to £130 for the Belgravia.

Clare's Kitchen Ltd, 41 Chalcot Road, Primrose Hill, London NW1 (tel. 01-586-8433). Primarily a catering company but does offer what it calls County hampers which specialise in supplying fresh country produce: Somerset, for instance, would include various ciders, local cheese, venison and game birds.

If a complete hamper is beyond your means, think about sending just 1lb of exquisite Belgian chocolates (£10.99, including postage and packing from Natalie, 12 Sicilian Avenue, Southampton Row, London WC1, tel 01-242-3227); some specialist teas or coffees (Whittard of Chelsea, 73 Northcote Road, London SW11, tel 01-924-1888); or perhaps a big, beautiful box of fresh country apples (Costrong Fruit Farm, Plaistow Road, Kirdford, Billinghurst, West Sussex, tel. 040377-391, will send a 30lb pack of approximately 120 apples, all different varieties, for £14.)

Finally, close to home, my enterprising secretary has launched her own company called Just A Jar (40 Wilkinson Street, London SW8, tel. 01-735-7360). Traditional French paté jars, ½-litre in size, are filled with all manner of delectable delights. Choices include kumquats in whisky (£4.30), date chutney (£3.45), spiced prunes (£2.75), mint jelly (a great favourite, this, wonderful with roast lamb, £3.40), apricot chutney (£3.20), or extravagant gentleman's marmalade (£2.95). Free delivery in London, can be posted outside.

TRAVEL

A Scottish retreat

James Buxton visits a castle with a difference

IN THE summer of 1986 John Banister was trying to repel the boredom of a rainy holiday in Cornwall when, idly studying *The Times*, he saw an advertisement announcing the sale of a Scottish castle. Eager for a new project, he decided to go and look at it.

He found Ackergill Tower, an enormous pile on the coast of Caithness in the far north-east of Scotland. Its core is a 15th century keep, five storeys high and crowned with little turrets; it had been extended into a Victorian sporting lodge, with 17 large bedrooms. The castle had been virtually uninhabited in recent years and was in danger of losing its roof, while its interior had hardly been touched since the 1920s. Music was still on the piano and a glass on the table.

Banister, who also runs a conference business, bought the castle with some partners for £180,000. That price included 85 per cent of the contents, ranging from furniture to pictures, books and records of the former owners, the Duff-Dunbar family. He then embarked on the two-year task of renovating and restoring the castle, spending £400,000 on building work, and a similar sum on decoration and furnishings.

Ackergill Tower is now open for business, not as a hotel but as a country retreat. The intention is to let the entire castle to groups, whether they be a party of executives wanting a remote location for a strategy meeting, some yuppies playing at country house-parties or salespeople being rewarded with an incentive prize for beating their quotas.

There is nothing at Ackergill to suggest that it is anything but a private house. Although the keep with its 15ft-thick walls may seem daunting from the outside, once inside it has a remarkably pleasant feel to it. It is furnished exactly like a private house: there is no standard furniture, paintings hang on the walls and each bedroom – named, not numbered – is furnished and decorated in a different way, luxuriously but not ostentatiously.

What I liked most was the clutter. Like a good country house the rooms are strewn with books and magazines. In the drawing room I read a fascinating guide to all the sporting estates in Scotland, their owners and the number of grouse and deer shot and salmon caught – for the year 1901. Elsewhere you might come across the Harrow school list of the 1890s or find the old ledgers of the Ackergill estate. It was a second-hand bookshop without the obligation to buy.

Country 'home' with a comfortable sense of seclusion

John Banister outside Ackergill Tower

Banister's idea is that the people or company taking the castle are in charge. Unlike some of the stately homes where the owner has decided to entertain high class paying guests to help make ends meet, there is no laird padding about, subtly reminding the visitors whose house it is. The guests have the chef, house-keeper and maids at their disposal while they are in residence. Banister himself may not even be there. Food is good and drinks are charged by the bottle.

"The concept has been tried before, it's only the location that's new," says Banister, who combines genuine enthusiasm for the place with strong commercial drive. There are two ways of looking at the location. On the one hand Ackergill is literally only five minutes from Wick airport, and though there are no direct flights from London to Wick, it is possible, by changing aircraft at Inverness or Aberdeen, to get there in less than three hours from Heathrow. The 9am Dan Air flight to Inverness followed by a Loganair flight get you to Wick airport by 11.30am.

On the other hand, Ackergill does not lie in some spectacular Highland glen, with a rushing river and purple heather on the hills. It stands in the flat, green countryside of agricultural Caithness, and when I went there in October the clouds were grey and very low, and you could almost lean against the wind. But the castle is right on the edge of the sea so there was a marvellous roar as white waves lashed the rocks, and one felt completely secure in the solid, warm castle.

There is some fine scenery in Caithness – rocky headlands, inviting bays and sandy beaches on the coast – and further inland the fields give way to moorland and bog. But the Flow Country – the peat bogs made famous by the conservation row over private forestry – is not most people's idea of a beauty spot.

So what else do you do at Ackergill? There is rough shooting over the 3,000 acres leased by the castle, and when I was there some of the party shot half-a-dozen geese on a loch, though an early morning duck flight was a flop. Trout can be caught nearby and salmon fishing arranged further afield. There is a good golf course at Wick.

Although Ackergill provides its guests with guns, fishing tackle, green wellies and Barbours, Banister admits that the sport is not good enough to be the main attraction. Its principal appeal is its comfortable sense of seclusion.

For that one has to be prepared to pay. Ackergill will next year charge a 24-hour rate per person sharing a double room – including all meals but no drinks – of £159, for a single room £178. That works out at more than £3,000 for a two-night weekend for a minimum party of five couples; the maximum the castle can take is 30 people in 17 bedrooms. The standard air fare from London with British Airways via Aberdeen is £252.

■ Ackergill Tower, by Wick, Caithness, Scotland, KW1 4RG. Telephone 0955-3556 or London office 01-740 0676.

How to enjoy a ski resort without skiing

Arnold Wilson looks at the alternatives for those who like the snow but not the slopes

TO SKI or not to ski, that is the question. Every winter, hundreds of long-suffering wives journey with their skiing-mad husbands to a distant alp – only to spend the following week or two trudging through the snow with frequent stops for hot chocolate and shopping. Meanwhile, hubby is up the mountain, on a kamikaze run, demonstrating his skiing prowess to a couple of chalet girls.

But is that a true picture? Is the wife really so long-suffering? Or the husband – in the less likely event that it's the wife who wants to ski and the husband who doesn't?

The truth is that many ski resorts, particularly in Switzerland and Austria, provide a satisfying and enjoyable holiday even if you never go near a pair of skis. After all, resorts such as St Moritz and Davos were attracting holidaymakers and convalescents to share their sunny and invigorating winter climate long before skiing had started.

In reality, the hills are alive with the sound of yackety-yack, clackety-clack (knitting), drinking and eating cream cakes, all of which completely drown the odd yodel. One of the most popular locations for wives who don't ski is Wengen, home of the Down Hill Only club.

Hotels such as the Eiger are favourite haunts of those who while away the day knitting, writing, drinking, reminiscing and chatting with others who have a similar disinclination to ski. This may sound dull, but outside there are plenty of other things to do.

There are spectacular train rides up to Kleine Scheidegg and on to the stunning Jungfraujoch with its restaurant, ice-palace – literally a building someone has carved out of the ice – and remarkable view of the vast Aletsch Glacier. It was this railway that originally enabled skiers to ride up the mountain long before ski lifts were invented and led to the term "Down Hill Only."

The upper section of the railway actually cuts inside the famous north face of the Eiger. There's a station halt inside the mountain from which you can peer through "windows" cut in the rock.

It's awe-inspiring – rather like sticking your head outside Leicester Square tube station and discovering you're half way up the Matterhorn. It's from these windows that many of the dramatic rescue attempts on the awful north face have been launched.

Just being there is sufficiently enchanting an experience to holiday in Wengen. The magnificent mountain trio of Eiger, Mönch and Jungfrau is among the most startlingly beautiful scenery in Europe.

Other activities here – and in most Swiss and Austrian resorts – include skating and curling, swimming, a cinema showing English films, sleigh rides, bowling and unlimited bracing mountain walks.

From Wengen you can also take the train down to the neighbouring and very pretty climbing village of Grindelwald, or venture even further down to Lauterbrunnen and thence up the other side of the valley to the historic resort of Mürren.

It's even possible to escape completely from the immediate mountain environment by taking a day's excursion to Interlaken.

You could spend weeks in St Moritz life without even knowing what a ski looked like. There are a number of strenuous and exciting pursuits such as hang-gliding and tobogganing – including of course the world-famous Cresta Run – but I'm assuming that the "beleaguered" spouse won't be terribly anxious to experiment in those areas.

There's just about everything else though – riding, golf, tennis, squash, and spa cures. Aeroplane joy-rides in the magnificent Engadine mountains are popular, there's a fascinating museum and lots of good walks.

The shopping, inevitably, is thoroughly absorbing and expensive, and the tea-rooms with their gooey cakes are equally tempting.

Sometimes spouses like to go cross-country skiing while their other halves do the "serious stuff." There are 150 kilometres of tracks in the region.

Zermatt is another Swiss resort where a lonely spouse could have a wonderfully absorbing time without skiing a yard. The walks are spectacular and become even more enjoyable when interspersed with pit stops at Zermatt's abundant mountain restaurants.

A train journey up to the Gornergrat provides a most enjoyable day out with a stunning view across the Gorner Glacier to the Monte Rosa, Matterhorn and several other dramatic peaks straddling the Swiss-Italian border.

One of the reasons a wife or husband may not wish to join their other half on the mountains can be a horror of heights, but if that isn't the case, a ride up Europe's highest cable-car to the very foot of the Kleine Matterhorn is breathtaking.

For spouses who like the idea of skiing but dread the reality of vertigo, there's some very picturesque cross-country skiing around Zermatt. In the safety of the village itself, there's a cinema, a superb museum and excellent indoor and outdoor tennis. Or you can take the enchanting red mountain railway down to Brig for a day out.

Switzerland does not have the monopoly of ski resorts where the skiing can be replaced by other activities for those abandoned by their spouses. Austria is usually a safe bet too.

Kitzbühel is one of the best places to aim for. It's a bustling but beautiful town with endless indulgences. There's a strong café society, a cosmopolitan atmosphere, and a fascinating museum. In some ways its is a microcosm of what's brightest in larger Austrian towns such as Salzburg and Innsbruck.

I would also recommend Badgastein (an attractive spa town) Mayrhofen, Seefeld (where there's hardly any good skiing anyway but lots of other things to enjoy, especially the pool built for the 1976 Winter Olympics) and Zell am See, an attractive town by the side of a beautiful lake.)

There are few French resorts which lend themselves to catering for non-skiing partners because the French tend to concentrate so much on the skiing facilities and often little else.

Exceptions include Courchevel, the so-called St Moritz of France, Morzine, a delightfully rustic old French town in the Portes du Soleil region, and Mégève, an old fashioned town that was once one of France's most fashionable ski resorts.

Of the purpose-built French resorts, Les Arcs and La Plagne have perhaps made more attempt at skiing alternatives than others. At Aime La Plagne, the residential area is almost totally contained under one roof. Every requirement from cinema to restaurant, discotheque and bed can be reached without venturing into the snow outside. It could be a fore-runner of the man-made environment that settlers who may colonise the moon and planets experience one day.

However, it is not really the sort of place I'd want to recommend to a ski widow – or widower. After all, people on holiday want to feel attached to planet earth, and not have an uneasy sensation that they're part of some strange, futuristic colony.

Other Swiss resorts where a holiday off skis would be worthwhile include Arosa, Crans Montana (on a beautiful sunny plateau) Davos, Engelberg (close to the attractive town of Lucerne) Gstaad (where half the world doesn't bother to ski anyway) Klosters (where Princess Diana is sometimes an abandoned spouse) and Villars.

In Italy, Cortina, where the beautiful people flock to be seen but not necessarily to ski, is the obvious choice. Selva and Bormio are also recommended. And in Spain's Sierra Nevada, there's a wonderful opportunity for those who do not ski to journey to Grenada.

In many resorts it is possible for husband and wife to meet in a mountain restaurant for lunch. If one or the other is late arriving there is always sunbathing on the terrace.

At the end of the day, however, there is a simple way of solving the problem of the non-skiing spouse.

Skiing lessons.

Although I suspect that many non-skiers like things just as they are.

LEGAL NOTICES

No 006267 of 1988
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
IN THE MATTER OF ESTATES & GENERAL INVESTMENTS PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 25th day of October 1988 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £22,500,000 to £22,250,000 by repaying to the holders of the 4.9 per cent Cumulative Preference Shares the amount paid up on the said Shares together with a premium by the raising of a like sum on a new issue of Ordinary Shares in the Capital of the Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hoffmann at The Royal Courts of Justice, Strand, London WC2 on Monday the 5th day of December 1988.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said reduction of capital should appear at the time of the hearing in person or by Counsel for that purpose.

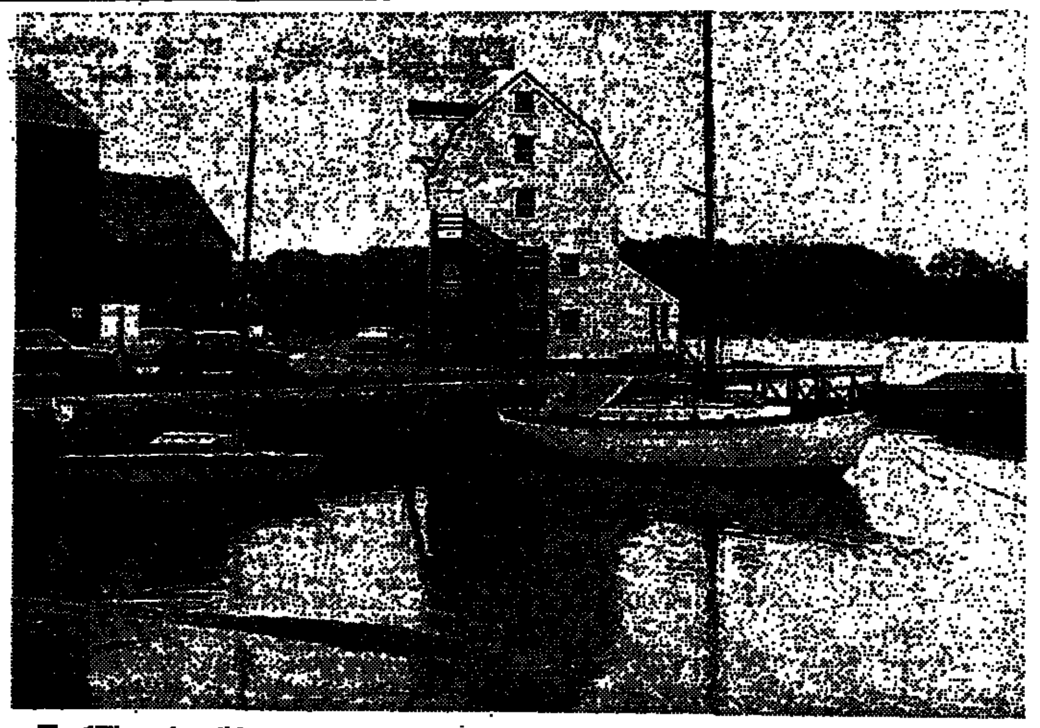
A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

DATED the 24th day of November 1988

Messrs Ashurst Morris Crisp of Broadgate House, 7 Eldon Street, London EC2M 7HD, Tel: 01-247 7666, Ref: G.R/E16000366 Solicitors for the Company.

Ghosts of Suffolk past

Roger Beard sniffs the essence of England



The 17th century tide mill at Woodbridge, Suffolk

SUFFOLK IS an adult county. Its skies and its size are just too much for a child to take in. When, as a teenager, I mucked out each summer at the local livery stables, there was nothing to recommend it bar the straightness of its bridal paths. They led as far as Birmingham, or wherever the riders came from. You could never escape from the flat fields, and the occasional isolated church.

But 35 years later it fascinates, from its southern commuter fringes to the heathlands of its northern boundary – no more so than on the Deben, which curls its sluggish way past Bawdsey, touching villages on either side, to Woodbridge, marooned on its mud banks when the tide is out, like a slug on a lettuce leaf.

That is where you start, eight miles north-east of Ipswich and nine miles up the river, in a clapboard town which owes its origins to farming and the building of wooden ships, and its future to its relative proximity to London.

Woodbridge was a naval dockyard before the Board of Admiralty was founded, and is one of the last places in England where they can still build in wood, though these days they do so mainly for pleasure. It is what many East Anglian ports used to look like, a strip of quayside, safe upstream on a tidal river.

The mud is now so deep you could drown in it, and weekend sailors have taken over the moorings. Even the tide mill basin has become a yacht haven, not that you can move a boat at most stages of the Deben tide. It is no longer an easy river to navigate, and you need all your imagination to bring to life Woodbridge's quays and old buildings, which for centuries bustled with life.

Only the smell remains – of mud, salt, and the tang of samphire. On the flat heathlands and copses round the corner towards Bawdsey, or out to Shingle Street, where the land meets the sea, that is the smell of the Woodbridge "penninsular," and beyond as far as Orford, and Aldeburgh. The Saxons had it in their nostrils when they buried their unknown chieftain a mile from Woodbridge at Sutton Hoo. To make sense of the glass-cased ship's treasure in the British Museum, you must come out into the air which still smells of the sea on which that warrior made his final voyage.

It is more difficult to envisage that far later son of Woodbridge, Edward Fitzgerald, holding court on the Rubaiyat of Omar Kayyam at the Bull Inn, and even more the late-19th century hero worship he was locally subjected to, or the Iranian rose bush that admirers planted on the poet's grave.

The many centuries of between times at Woodbridge have left their mark in the church, the houses and pubs, and most spectacularly in the 18th century clapboard tide mill, lovingly preserved.

The town has suffered the inevitable incursion of metropolitan man. There is a feel about the place of money, often new money, either floating on the water or buying up the buildings. That is what so easily gets in the way of your imagination, particularly when you walk away from the river. Good local dialect is fast disappearing, the Suffolk accent has become muted, and both are being replaced by standard Home Counties speech. Close your eyes in some of the shops and you could be in the commuter queue at Liverpool Street.

Things are better across country, nine miles to the east at Orford, once bang on the sea but already decaying as a sea port by the beginning of the 18th century as the great gravel bank of Orford Ness slowly but surely built up and strangled the port.

There is still a quay, and a pretty village of that combination of brick and timber that is typical of East Suffolk – even the keep of Henry II's castle. But that is not why Orford is special. Orford depends on its birds, the avocets and other waders, the intimate aspect of the foreshore, to keep you mesmerised. Their legs point the wrong way for a start, with tiny universal knee joints.

Then there are their beaks, shaped upwards, downwards, and straight ahead, on such a variety of bodies that they send you rushing for the field guide, which is to miss the point. Whatever the species they hop, skip, and jump over the water, the mud and the turf, as busy now as when Uffa the Saxon founded the Sutton Hoo dynasty.

Four miles to the west, the great medieval gatehouse at Butley Priory evokes memories of a different kind. This massive gateway to nowhere (the priory itself vanished long since) has stood over six centuries as a flint and ashlar monument to heraldry. Where else would you see together the stone-hewn arms of England and France, East Anglia, the Holy Roman Empire, Leon, and Castille?

It was, of course, built by man, but to this small child it was built by God, well before the Druids arrived at the ancient Staverton Forest which forms its backcloth. When the grown-ups tell you just how old that forest is – certainly it is one of the oldest in England – and of the lost silver coffin of Michael de la Pole, killed at Agincourt, all you can think of is mushrooms – carpets of them among the trees.

Once you are adult you can dream of other buried treasure, the truffles the locals swear are here but which cannot be found by the most sharp-snouted pig or dog. Then there are the deer. Down on East Anglia's Essex borders, Epping Forest residents complain about marauding cattle. Up here, the farmers and foresters complain about the deer.

Yet when you see them grazing some peasant's cabbage patch in the November mists, fresh from the forest, it brings together those strands of schoolboy history from Hereward the Wake, through William Rufus and Shakespeare, to today. The fact that they hunted and poached elsewhere does not matter, for the deer have been here for all time.

That the Woodbridge penninsular has been occupied in part by NATO and its air forces only strikes you when you come up against one of those perimeter fences that cautions you against taking photographs of the uninteresting.

If it is pictures you want, you would do better with the Sorrel Horse at Shottisham, or the beach huts defying the elements and the tide at Shingle Street, or the minute ferry which crosses the mouth of the Deben from Bawdsey Manor to the Martello Tower at Felixstowe Ferry. One word of warning, though: it is all haunted.

PROPERTY

Marketing is magic

***John Brennan** on the recipe for selling new homes*

Grosvenor Gardens, one of two Ideal Homes London developments near Thamesmead, London

IN THE bad old days housebuilders faced the sales-destroying effects of higher mortgage rates at a time when site costs pushed property prices out of buyers' reach. Sales managers would slash advertising budgets, persuading their boards of directors to cut building plans and chop a few hundred square feet off the design specifications to create affordable, rabbit hutch-sized units.

There's some evidence of that today. But for most housebuilders, the magic ingredient that has changed their response is marketing. Take, as an example Trafalgar House's residential division, Ideal Homes. And take as a specific its inner-M25 operating division, Ideal Homes London. In the year to September it achieved 680 sales worth £77m from 16 sites. This year, despite the less favourable economic background, it's aiming to sell nearer £100m worth of homes.

Richard Cordy, sales and marketing manager, says: "The old style sales director would face a slowdown in the market with fear and dread. Now, it's an acceptable adjustment to changing conditions." He taks of "researching what discerning purchasers want" and concentrating on "design, appearance, the site's finish, value for money and sales service."

He also sees a bright side to a slowing of sales activity since a drop in the rate of building should mean fewer, better new homes. Cordy sees the chances "to consolidate quality." But how does a builder win sales in a more competitive market, since there's no point "consolidating quality" and improving "kerb appeal" if the prospective buyers never get out and see the properties?

It's at this point that the importance of sales promotion becomes apparent. The year 1989 will clearly be one in which builders really pull out the stops to publicise. Ideal Homes London discloses that it has earmarked £478,000 for black and white advertising next year and a further £100,000 for colour advertisements. So the 1989 crop of homes will each have an average of £500 to £600's worth of advertising spending in their price. Add to that a £25,000 public relations budget, £70,000 for exhibitions, £25,000 for promotions, £50,000 for signs, flags and banners on sites, and it's evident that today's housebuilders have to keep their cheque books at the ready.

Ideal Homes London has allowed £50,000 next year for general promotion and Press/VIP expenses, and £30,000 for what are termed promotional gifts. All of which reflects the extent to which the housebuilders' have become as promotion-conscious as they have become marketing-led in the past decade.

In Ideal Homes' case, the offer of a one-off mortgage subsidy scheme worth around £1,400 to £1,500 a home in the London area acts as the cash part of its buyer incentives. As for kerb appeal, the introduction of its nationally successful "County" range of houses into the London area meets the seemingly unchanging demand for houses with modern internal layouts but with a "period" facade that blends architectural images from every era but our own. Given the shortage of suitable sites for open area building across the country, but particularly in London, Ideal has its share of local authority refurbishments, a sizeable crop of docklands schemes (mainly priced to meet the continuing demand for more affordable homes in the area), plus its mega-developments.

As one of the 11 partners in the British Urban Development Consortium, Ideal will be active in the scheme for 6,000 new homes on the former British Gas works site near Greenwich on the southern curve of the Thames, opposite the Isle of Dogs. In two years it will also start construction work on one of the biggest developments in West London, the Paddington Basin scheme which, over a five-year period, will add 600 homes and a million square feet of office and retail space to Westminster's property stock.

Kerb appeal will *not* be the primary selling point for Regalian Properties' £600m partnership deal with Canadian developers Olympia & York to create a 1,000-home Venetian city on Heron Quays, alongside the office towers of Canary Wharf. In principal, as office developments create space on the Isle of Dogs for upwards of 50,000 new jobs, demand for housing cannot be far behind, always assuming that the jobs follow the space into the area. However, in the short run, Regalian chairman David Goldstone confirms a slowdown in residential sales in docklands and echoes the industry-wide view: "The full impact of higher interest rates will come through in the latter part of this year, and we expect the slowdown of demand for some of our residential properties to continue."

That said, a 1989 start on the Heron Quays' housing and hotel scheme, with first sales in 1992, is as firm an expression of confidence in medium term *outlook for demand for* inner London homes as Ideal's similarly timed plans for Greenwich and Paddington Basin.

The dream and the reality of home-buying

THE DIFFERENCE between the homes people buy and the homes they would really like to have bought is highlighted in Hogg Robinson Property's first national survey of the housing market, which is due for publication in the next few days. The agency network has gathered comment *from 16 offices out of London* and 11 in the capital to give a picture of the market at the beginning of the autumn.

What sets this survey apart is the check on buyers' realistic view of the property they would like; their idea of a dream property; and, as some guide to the effort made to turn the reality into the ideal, a rule-of-thumb check on what they tend to spend on re-decorating when they move.

There is an extraordinary degree of unanimity about what makes an ideal, money-no-object home. From Ascot to Hampstead, Thatcham to Finchley, Hogg Robinson's buyers seem to dream of a home with a swimming pool, preferably *indoors. A pool AND a tennis* court would win even higher marks.

Otherwise, the ideals range from large, easily-managed gardens to roof terraces (and yet more pools) for flat-dwellers plus saunas, jacuzzis and paddocks for the shire county buyers plus, for the Henley-on-Thames hopefuls, somewhere *for shooting.*

Back down to earth, most buyers realistically want gas central heating, garaging (or, at least, off-street parking), en-suite bathrooms for the wealthier areas and separate cloakrooms for the less-expensive property locations. In the commuter area of Surbiton, Surrey, location tops all other buying *criteria and even better-quality* new homes are less popular than older ones sited more conveniently.

In price-sensitive Abingdon, Oxfordshire, the Hogg Robinson office reports that small new homes are selling well. Yet, in Weybridge, Surrey, the agency reveals that many people consider new homes too *small, a point echoed throughout* the country.

Hogg Robinson agents report distinctive regional and price differences over how much a new owner will spend to upgrade a newly-bought home. In Surbiton, most first and second time-buyers "prefer not to have to spend anything on redecoration." Around £500 is the expected cost in High Wycombe, Buckinghamshire, and £1,000 would be the budget for a redecoration job in Hereford.

In Shepherds Bush, west London, "budgets for cosmetic decoration run at about £2,000 to £3,000" but flat-buyers in Muswell Hill, north London, spend "as little as possible; usually, a maximum of £500 is considered an adequate budget." However, house-buyers in the same area might spend £10,000 to £15,000.

Muswell Hill isn't that far from St John's Wood as the taxi crawls, but it's a whole other world as far as interior decoration is concerned. Here, "buyers will spend around £100,000 (to redecorate) a medium-sized house and £60,000 to £70,000 for flats."

If that sounds impressive, then residents of Virginia Water, Surrey, are in a class of their own. Either they expect to spend nothing, having bought a new home, or "anything over £10,000" to get an older place looking right. But, "in many cases, the premium on location means that it can be cheaper to buy a house and rebuild it rather than try to alter it radically — and many purchasers do so."

Reviewing the national scene, Hogg Robinson Property comments bluntly that "adverse (and often unsubstantiated) publicity and greedy vendors" are the two most important causes of lack of confidence in the market at the moment, and adds: "It is expected that many people are just waiting for interest rates to stabilise — at whatever the level — so they can plan their budgets and finances with reasonable confidence."

J.B.

LONDON PROPERTY

INTERNATIONAL PROPERTY

GARDENING

New lease of life for Kew's glass palace

***Arthur Hellyer** on the masterful restoration of the Palm House*

IN 1844 the architect Decimus Burton and engineer Richard Turner were commissioned to build a glasshouse in the Royal Botanic Gardens, Kew, sufficiently large to allow palms to be grown to their full size.

They used the structural principles then being applied to the new iron-built ships and in three years produced a building which was not only very large and technically advanced but also exceedingly beautiful. Because it was based on ship design it was almost entirely conceived in curves except for the straight lines at the top, which correspond to those of a keel, since this is a ship, or more accurately sections of several ships, which has been turned upside down. Even the interior stairways which give access to the galleries are spiral and made of iron, and the glazing bars were made of wrought iron so that they could be very slim and cast a minimum of shade.

It had to be a beautiful house because it was to occupy the central position in an area which was then being completely redesigned and replanted under the direction of the garden architect W. A. Nesfield. It was so good that it has dominated that part of the garden ever since, to the delight of all visitors to Kew. In fact it would be fair to say that the Kew Palm House, as it came to be known, has for a long time been the most famous, as well as the most photographed, glasshouse in the world.

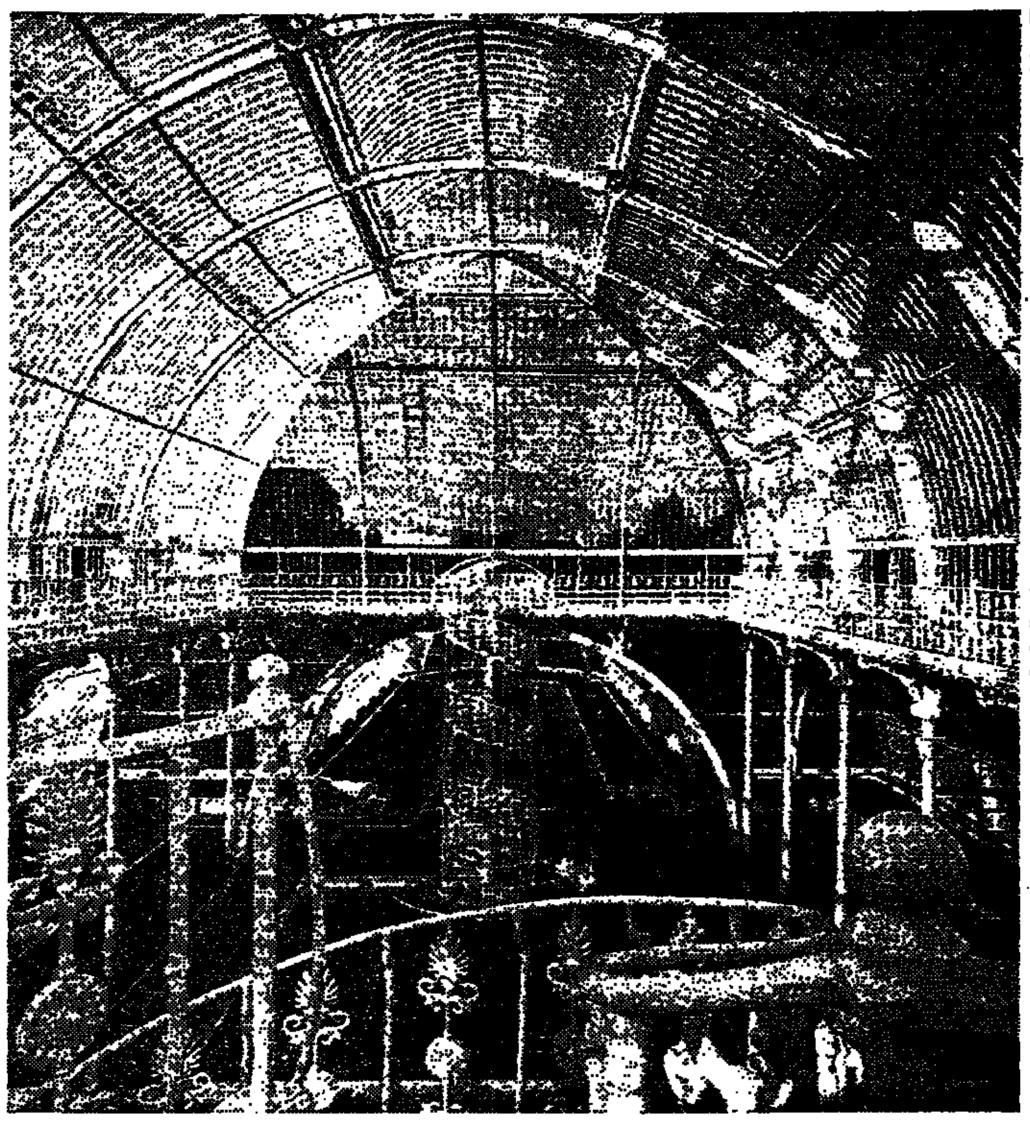
Yet from the outset it was flawed and some of the new ideas that were incorporated in it never functioned properly. Flue gases from the boilers, then placed in the basement beneath the house, did not discharge properly from the chimney and the basement was subject to flooding. The boilers were moved to the Shaft Yard well away from the Palm House, where they remain to this day.

Another problem was caused by sliding sashes on the roof (intended to provide top ventilation) which proved troublesome to operate from the outset. No-one now living can recollect them ever being opened. Nor did the low level ventilators work much better and for many years the gardeners who operated this outwardly beautiful house had to rely on broken glass and ill-fitting windows for ventilation.

Following extensive repairs and some alterations in the 1950s there was a tendency for cold air to flow down the inner surface of the glass so fast that it killed some plants on the perimeter bench and also caused heavy condensation on glass and wrought iron glazing bars at low levels. This was not only bad for the plants but also for the structure, since it hastened corrosion.

The degree of degradation of the framework of the house and the danger this was causing to the whole structure persuaded the Kew authorities to carry out detailed surveys between 1980 and 1983. As a result the Property Services Agency, a government department responsible for construction work, was instructed to have the Palm House dismantled and rebuilt. The contract was awarded to Balfour Beatty with Crown House Engineering as sub-contractors for services and work commenced in September 1985. Since then I have been watching this much-loved glasshouse in various stages of its fall and rise, but it was always so surrounded with machinery and screens that it was nearly impossible to make out what was happening.

On November 11 the work was completed and I was at last able to satisfy my curiosity. On that day Sir Gordon Manzie, chief executive of the PSA, formally handed back the restored Palm House to the Baroness Trumpington, representing the Ministry of Agriculture, Fisheries and Food.



Curved lines aplenty in the original ship-based design

I can report that the Palm House is more lovely than I have ever known it. It is the first time I have ever seen it without plants and, though as a gardener I hate to admit this, it is even more beautiful without them. For now one can see the whole structure of the house both inside and out, can follow its intricate pattern of interlacing curves and delight in its gleaming glass and fresh white paint. It is a super building and has actually been made even better and more efficient by the restoration.

Some things one can see for oneself. The benches around the house on which pot plants used to stand have disappeared. In their place are huge partly sunken troughs running the whole length of the various sections, allowing plants so much more root space that they will certainly grow faster and higher than ever before. One can also see the greatly enlarged basement area containing elaborate control panels for modern heating, ventilation and humidity controls and also staff offices and an area which is to be devoted to a marine display.

The glazing bars, as slender and graceful as ever, are now made of stainless steel and are virtually indestructible. The glass, curved to fit the surface, is toughened and so it is no use expecting it to break and provide ventilation. The immaculate white paint is two coats of polyurethane glass over a hi-build epoxy undercoat which is itself on a zinc phosphate primer. Maybe that leaves you cold but it could be useful information when you come to paint your own conservatory, since the experts say it should last for 10 years. They also think that the original paint was a deep green-blue. I am glad that conservation purists insisted on that being restored.

Another technical point, of interest to most greenhouse owners, is that the glass is set in self-coloured silicon rubber mastic, not in putty, to give an improved seal and so retain heat better. I was fascinated to learn that the curved glass, like an egg shell, actually contributes to the stability of the house.

On December 12 the gardeners will move in to replant the Palm House and it may be another year before the public can be readmitted. Until then it remains open in all its restored magnificence.

Yew, yew and you

COUNTRY GARDENS need buttresses, building blocks and inner divisions of living green plants. They used to be called hedges, but hedges are no longer the word for what designers have in mind. These blocks may be divisions between parts of a lawn, walks, or the rubbish heap and everything else. However, they may be more discreet: blocks of clipped evergreen beneath a garden urn or even a seat, or blocks of a dark green plant at intervals down a long flower bed in order to break it up into manageable sections and give the design a firm backbone.

What nobody warns you is that you might plant your backbone and find that chunks of it start to die. This spring, something went badly wrong with my backbone for the 1990s and I am not sure of the culprit. It could have been the weather or the plain fact that it arrived in a black polythene bag from the nearest up-market garden centre, trussed up with string: by the time I ordered it, most people had sold out. I blame those remarkable frosts which we suffered for three nights early in April, but I rather think that the culprit was myself. Perhaps I can forewarn you.

There is no doubt about the best backbone for an open country garden. Books confuse you by talking eagerly about yellow-flowered berberis (third rate, but quick), evergreen privet (needing to be clipped endlessly and not hardy), curious phillyrea (not hardy in 1986) and box (slow, and very bushy). Much the most distinguished choice for an evergreen block of any size is English yew. It is slandered unjustly as too slow, too expensive and too boring. It is none of those things, if you know how to treat it.

Yew is not exactly cheap, but there is a lively trade in shunting it into those places where keen country gardeners will buy it on a passing visit. Some of it comes up from the West Country, rather more from Holland. I much prefer yew which has been grown hard in a cold northern site. For many years, canny gardeners have been ordering it from James Smith of Tansley Matlock, Derbyshire, a family business whose yew is hardy and bushy in the lower reaches. It is priced in the lower middle bracket and way below the levels of many retailers in the south.

It is not so horribly expensive once you know that there is no point in buying the bigger sizes. After five years, you will hardly notice any difference between yew which was bought at 2.5ft and yew which began at about 1ft high. Do not throw money after your own impatience: time and again, I have seen this truth proved in sections of hedging which people have planted at the same time. Yew is also cheaper than you think because you need less of it. Most books suggest a gap of 18in between the bushes, but you ought to go to 3ft if you are thinking long term.

Yews are hungry at maturity and will compete with each other, leaving you with a hedge which develops a bare lower half. Wide planting allows them to grow to the best long-term advantage and cuts their cost. It takes nerve to plant little bundles of dark green leaves a yard apart, but you would not be a FT gardener unless you had nerve and a sense of value. To compromise, you can stagger yew plants in a double line, leaving about 2.5ft diagonally between each bush.

Robin Lane Fox on the best way to hedge your bets

If you want some action, feeding is very important. I am not making trouble if I suggest that you must dig out a serious trench at least a yard wide and 3ft deep, the lower half of which should be filled with masses of rotted manure. Officially, bare roots of young yews are not supposed to like manure round them but, this year, I could not resist mixing shredded pig manure into the yews' topsoil. It acts like a growth-exploder round almost any other shrub. I do not think it was the pig manure which killed off half my young plants because the other half, planted similarly, have grown magnificently.

Certainly, yews speed up greatly in their second year if you feed them again. One old trick is to dress the soil above their roots with nitrate of soda (my bags come from a farm chemical supplier). Spread it at the rate of 2oz to the square yard in spring and water it heavily into the soil. Yew's reputation for slow growth is partly the result of our underfeeding. If you are generous, it will reward you with at least 8in growth a year from its second season onwards. After seven years, you have a serious building block. After 15, your garden has enviable maturity.

It has maturity, I admit, if you do not follow my mistake and lose half your first year's planting in the first two months. It might have been the pigs; it might have been a pig of a garden centre – but, actually, I think it was a short, sharp burst of frost. The conventional wisdom is that yew is better planted early in spring than in winter, although you have to reserve your yew bushes as soon as the new nursery catalogues reach you. That wisdom could be right, but I feel I have learnt that we should always shelter newly-planted yews through the first unpredictable months.

What I do know, however, is that my plants did not dry out. A dry spell is fatal to them, so you must watch out. Some years ago, I learnt that it is worth putting a flat stone round the roots of newly-planted evergreens, especially yews, so as to keep some moisture in the ground. This trick even saw a new yew hedge safely through the ravages of the drought in 1976. In my case, then, I blame frost, with a wary eye on the plant's provenance.

From the second year onwards, you should already be clipping lightly in order to encourage bottom; ideally, the hedge should grow up with a backward slope, or batter, as the branches ascend (up to 3in for each foot of height) so that the lower branches have enough light and air and remain thick. Space them widely; plant young; feed massively; use flat stones for moisture; profit from my loss and watch out for spring frosts.

Above all, if you are buying bare-rooted plants, insist that you know where they started life and be sure that you are at home in order to soak them in a bucket of water as soon as they arrive. If you end up with yew from a mild corner of Devon, you cannot altogether blame it if it dies in a cold corridor at Easter, whatever your good intentions for clipping and dressing it in future.

MOTORING

Porsche unveils its 911 for all seasons

***Stuart Marshall** rates this model the most satisfying and least demanding of them all*

THE PORSCHE 911 is a car you must treat with respect – and not just because it costs from £37,973 for the Carrera coupe to £109,078 for the Turbo Cabriolet Sport.

Of course, they go like the wind and accelerate as though drawn forward by catapault elastic. But relax your attention for a moment when driving briskly on a wet and curving road and, like the rider of a wilful young horse, you find you have been dumped and you wonder how you got on the ground so quickly.

In short, they are cars for mastery rather than relaxed enjoyment although, given that you drive them properly, they are uniquely pleasureable.

Last week in France, I drove a Porsche 911 that wasn't like that at all. It looked and sounded a typical 911 and Porsche told me its performance equalled that of the fastest and fiercest 911 of all, the Turbo. But its fangs had been drawn and its manners were courtly.

You could say Porsche had partly de-skilled the driving of one of Europe's most sought-after sports cars.

The answer was, of course, permanent four-wheel drive. The 911 Carrera 4 has a Porsche-developed system that puts about one-third of the power on the front wheels, two-thirds on the back. The exact proportioning depends on road surface conditions.

The advantage of having four-wheel drive on road-going cars of high power-to-weight ratio are still not understood widely. Obviously, traction in wintry conditions is transformed. But it also takes the twitchiness out of driving in a straight line and improves cornering behaviour on dry roads.

With ABS brakes (standard on the 911 Carrera 4), all-wheel drive raises the safety threshold. It allows the driver of a potent car to cover the ground faster and with greater security than would be possible in a two-wheel driven car of similar power/weight ratio.

So, I rate the 911 Carrera 4 the most satisfying – as well as the least demanding – rear-engined Porsche I have ever driven. (I cannot speak of the limited-edition 959 because I have not driven one although, if anyone is listening in Stuttgart-Zuffenhausen, I am open to offers).

When you sit in the Carrera 4, it is just like being in any of the other 911s made in the past 25 years. The seats hug you tightly; the instrument layout is traditional. When you fire up the 3.6-litre, 250-horsepower, horizontally-opposed six, you still hear a windy, rushing sound, even if it is more subdued than before. The engine has dual ignition and runs on lead-free petrol.

In traffic, you are aware uncomfortably of the heavy clutch with a long throw, along with the thumping and jarring as the fat tyres encounter drain covers or potholes. Away from 30mph (50kmh) limits, the Carrera comes alive. The ride quality improves the faster you go.

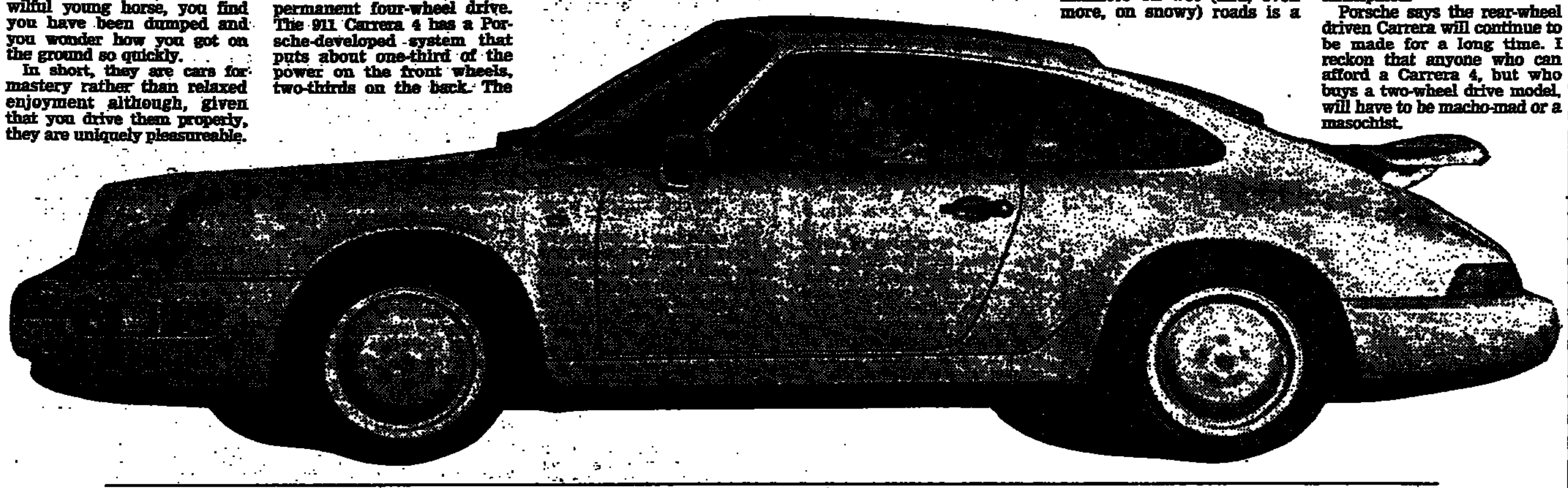
Lunch out in the sun at the Mas D'Artigny, high above the Mediterranean at St Paul de Vence, was delightful in mid-November but, in a way, I was sorry the weather was so perfect. With a normal 911, the crunch (sometimes literally) comes in pouring rain when too much power, applied clumsily, breaks the grip of the rear wheels. Then, the tail-heavy weight distribution ensures that only quick reflexes keep the car pointing in the right direction. Finding out how well the Carrera 4 remembers its manners on wet (and, even more, on snowy) roads is a pleasure in store.

Adding four-wheel drive has increased the weight of the Carrera 4 so Porsche has given it power steering as subtle and precise as any system I have tried. The petrol tank has had to be made smaller, but Porsche says the refuelling range is about the same as before because the new car has better aerodynamics.

The Carrera 4 will not be available in Britain with right-hand drive until late summer next year when the 1990 model range is introduced. It is expected to cost just under £50,000. Already, 500 advance orders have been taken.

In Germany, it goes on sale much earlier at DM 114,500 (about £36,000), although the specification of the right-hand drive cars will be higher. In the US – where about half the 7,000-8,000 Carrera 4s is to be made in a full year will be sold – a price of $69,500 (£38,100) is anticipated.

Porsche says the rear-wheel driven Carrera will continue to be made for a long time. I reckon that anyone who can afford a Carrera 4, but who buys a two-wheel drive model, will have to be macho-mad or a masochist.



Put controls in the same place, drivers demand

HIGH-MILEAGE business car-users in Britain, Germany and Italy are fed up with the manufacturers for failing to agree where essential controls should be located. Avis Europe, with 180,000 hire and lease cars that cover 7m miles (11.2m km) every day, has just conducted a survey on the subject which the car industry should take to heart.

What offended drivers most was the makers' indecision about the turn signal control. Should it be on the left (as on all left-hand drive cars) or on the right (as on some, but not all, British-made cars and on all Japanese products)?

Rover Group (then Austin Rover) decided years ago to follow the Continental pattern. Whether right- or left-hand drive, its cars now have turn signal controls on the left. Mercedes, however – exclusively, I believe – gives its right-hand drive models right-hand turn signal controls. Instinctively, this feels right to a Briton (and, of course, to Japanese motorists: they drive on the left side of the road, too).

The Japanese have, in fact, achieved virtual standardisation already. You don't have to learn the minor controls of a Honda or Nissan, Toyota or Mazda. The turn signal control (combined with those for lighting) is on the right, the wipers and washers on the left.

Bill Dix, group marketing and sales director for Avis Europe, reminded me that American cars are reasonably standard, too; their light controls are always pull-and-twist knobs on the left of the fascia. They still have their little peculiarities, though – like parking brake pedals that are released only by putting the transmission selector into drive or reverse, and manual-gearbox cars that cannot be started until the clutch pedal has been pressed right down to the carpet.

Another pet dislike of the British, German and Italian drivers is the makers' failure to agree on positioning the horn push, hazard warning, screenwiper/washer and light controls. They don't think much, either, of the chaos over gear shift patterns and where to put the ignition key and choke controls.

But don't expect swift action. After all, it took the industry from the 1890s until almost the Second World War to put the accelerator, brake and clutch in that order, running right-to-left. Cars were still being made in the 1930s with the accelerator in the middle (and, in the case of Rolls Royce and Bentley, right-hand drive cars with the gear lever on the driver's right).

Do readers of this column feel strongly about standardisation of controls? Or do they feel you soon get used to those in your own car so that the makers' failure to agree does not really matter? They could be right. But if you drive many different cars regularly in a year, as Avis customers do, it can be a mite embarrassing (and possibly hazardous) to set the wipers going when you mean to indicate a right turn.

S. M.

BOOKS

My Book of the Year

Our reviewers choose the books published this year that they have most enjoyed reading

ADMIRERS of T.S. Eliot's *The Waste Land* will always be grateful to Ezra Pound for polishing the original manuscript, but otherwise what a catastrophic career of self-advertisement! Humphrey Carpenter's A Serious Character: The Life of Ezra Pound (Faber & Faber, £20.00) strikes me as a masterly work of documentary detection and a vivid panorama of Anglo-Saxon literature in the 20th century. Pound's sanity remains an open question. His cult of Confucius is not the least of his eccentricities, for he never knew Chinese.

HAROLD ACTON

MICHAEL Holroyd has defied Shaw's warning to biographers, as well as the Shavian deluge of mocking self-invention, to produce a glorious first volume to his three-part epic. In Bernard Shaw: The Search For Love (Chatto & Windus, £16.00) the full impact of an Irish alien battering down literary and political doors in late 19th century London is lethally conveyed. Shaw also re-emerges as a full-scale comic character, a revivifying apex in various triangular relationships, falling in love and falling off bikes in his Jaeger woollen suits with wonderful regularity.

And certain plays (*Man and Superman*, *Candida*, even *You Never Can Tell*) are transformed in the light of Holroyd's beautifully arranged information and analysis. In an age of quick, light and over-praised artistic achievement, Shaw's struggles and campaigns, his energy and effort, assume proportions of novel, breathtaking heroism.

MICHAEL COVENEY

FOR once I may be with the majority in having particularly enjoyed Michael Holroyd's first volume of his Shaw biography, Bernard Shaw: The Search for Love (Chatto & Windus, £16.00). Perhaps also because I did not expect to: I thought that we knew enough about Shaw already. But this book is about the *early* GBS, whom none of us knew, and about his philandering with the ladies, when we suspected him of being an impotent Puritan. I knew Shaw a little and think that Holroyd has got him exactly right – conscientious, impartial, without prejudice, and thoroughly understanding. About music too.

A.L. ROWSE

TOM WOLFE'S novel Bonfire of the Vanities (Jonathan Cape, £12.95) was far and away the most enjoyable book to come my way this year. A novel alternately chilling and hilarious, and benefiting hugely from intensive research, it may not be for the ages but is a wonderfully entertaining novel for today.

PAUL ABLEMAN

NO great fiction-reader, I spent my leisure time re-reading all the pre-war Anthony Powell novels. I also read Graham Greene's *The Captain and the Enemy*, as I suppose almost every one did. But my discovery of the year was absolutely unexpected: Professor Stephen Hawking's A Brief History of Time (Bantam, £14.95) I visualised it on the shelf beside Dunne's *An Experiment with Time* and Whitrow's *What is Time?* No way. This is a simple course in what you might call macrophysics, the big bang, relativity, the uncertainty principle, black holes, the lot, written in simple, clear English, like a very good physics master talking to a bright sixth form. I shall go on reading and re-reading it for ever.

B.A.YOUNG

TO my surprise I most enjoyed The Financial Times: A Centenary History by David Kynaston (Viking, £25.00) mainly because it is much the best and most remarkable history of a great newspaper or any other institution I have come across. Somehow the author manages to write like a professional historian, seasoned journalist and highly practised author all at the same time. Naturally it was specially absorbing to me, as an ex-financial journalist, to read so much about old friends, ex-colleagues and rivals, and to pick up so much contemporary and fascinating information. But quite apart from that, the book stands, and succeeds, on its own merits.

DOUGLAS JAY

I FOUND Authenticity and Early Music (Oxford, £25.00 cased; £8.95 paperback) edited by Nicholas Kenyon, one of the most fertile and stimulating collections of ideas about music that I have encountered for a long while. Six renowned scholars – among them Howard Mayer Brown, Philip Brett, and Richard Taruskin – consider in different ways, and from different ideological standpoints, the growth of the Early Music movement. But what emerges beneath the given subject is a debate on the very nature of the Museum Culture of which we are now the custodians, argued on all sides with rare wit, erudition, and engagement.

I must also mention Miriam Makeba's My Story (Bloomsbury, £13.95), the autobiography of South Africa's most famous popular singer and artistic exile, a powerfully moving tale told with impressive simplicity and directness.

MAX LOPPERT

ENJOYMENT would be the wrong word for my response to Peter Handke's Across (Methuen, £3.95). But anyone who is fond of Salzburg and who has wondered what lies at the end of the trolleybus lines beyond the tourist-dominated inner city will be curious to read this account of the experiences of classics teacher, Andreas Loser, all of which take place in the vicinity.

Yet the book is ultimately distasteful. Loser kills a youth who has scrawled a swastika on a beech tree and hides his body on the slopes of the "City mountain," the Monschberg. Most of the book is devoted to his semi-dazed wanderings. Loser apparently gets away with it, although we cannot be quite sure; and the author's own attitude is displeasingly equivocal. Yet the story gripped me – and the better books about the same part of the world were all published in English long before 1988.

SAMUEL BRITTAN

THE CRUEL repression of dissidents by the Soviet regime has been so intensively documented in recent years that fresh revelations with the power to shock might seem unlikely. Yet I was profoundly moved by Irina Ratushinskaya's account of her time as a political prisoner in the Gulag, Grey is the Colour of Hope (Hodder & Stoughton, £12.95). She was one of a small group of women sentenced to a special zone in the *Potma labour* camp complex in Mordovia, where, ill-clad, half-starved, and regularly refused medical attention, they were subjected to every form of indignity that a vindictive camp administration could devise.

There are some *glimmers* of light, and much wry humour, in this chronicle of contemporary barbarity. Not all the camp officials and guards were sadistic brutes, and some were even furtively kind. Most of the women in the special zone were believers, Orthodox or Catholic, and their faith sustained them. Above all, Irina Ratushinskaya clung to her vocation as a poet, and a second collection of her poems, Pencil Letter (Bloodaxe Books/ Century Hutchinson, £10.95, paperback, £4.95), which has now appeared, following her release and arrival in the West, provides admirable confirmation of her gifts.

ERIK DE MAUNY

THE BOOK which I have found most compelling is Ingmar Bergman's autobiography The Magic Lantern (Hamish Hamilton, £14.95). Bergman recounts his life with lacerating honesty. Most vivid is his childhood, lived in the conventions and constrictions of a Lutheran parsonage. Certain images are indelible: gruesome punishments, the dreadful ritual of meals, a bicycle journey with his father to a medieval church painted with frescoes of death. Admirers of the master will find here much of the inspiration for *Fanny and Alexander*, Bergman's last and greatest film, in which his early torments are transformed into a magically happy ending.

JANE ABDY

TO cover the 50-plus years of China's history – from the beginning of the Long March to the end of the Cultural Revolution – is a vast project and Anthony Grey is one of the few people able to carry it off. His Peking (Weidenfeld & Nicolson, £12.95) emphasises the scale of triumph and tragedy in China. The Long March provides most of the heroic content with the Cultural Revolution descending into depraved cruelty.

BRIAN AGER

AMONG the new books I read out of pure curiosity, I much enjoyed June Plaat's *novella* The Fourth Road (Wheatsheaf, £10.95). It takes the Jamesian notion of disciples puzzling over the significance of the lesson of the master, and applies it to the work of a contemporary archaeologist and poet. The tale develops into a thrilling intellectual paper-chase in which subtle questions concerning the interpretation and validity of posthumous materials are posed, relevant to several major biographies published this year.

I was glad to see The Collected Poems of Sidney Keyes edited by Michael Meyer (Routledge, £4.95, paperback) in print again, with one or two poems not in the earlier volume, and a memoir by James Lucas, Keyes's runner in the battle in which he was *killed*. The voice of this eloquent poet of World War Two still has power to move and enchant.

ANTHONY CURTIS

THE BOOK that changed my life this year is Location Register of Twentieth Century English Literary Manuscripts and Letters (two volumes, British Library Publications, West Yorkshire, LS23 7BQ, £96.00), appearing modestly without any editor's name on its title-page, which opens our century to original research. It is a magnificent achievement by the greatest Library in the language, and as a working literary historian I could ask no more. The book I have pondered most deeply, on the other hand, is The Letters of T.S. Eliot 1898-1922 edited by Valerie Eliot (Faber and Faber, £25.00), which unveils the intimate mind of the finest poet of the century, or some of it, and that during his most creative years. It is touchingly illustrated with photos from his early life and imaginatively edited by his widow.

GEORGE WATSON

"WE have in modern society a huge journalistic organism, the 'critical' or Review press, which must be fed – there simply is not enough, nowhere near enough, good creative work to feed the 'critical' machine, and so reputations are manufactured to feed it, and works born perfectly dead enjoy an illusory life. . ."

T.S.Eliot wrote that in 1920. I did not enjoy The Letters of T.S.Eliot. *Vol 1 1898-1922* (Faber & Faber, £25.00) as much as I thought I would, but in a dull year for fiction, Garrison Keillor excepted, they still seemed more worthwhile than almost anything on the Booker short list.

NICHOLAS BEST

IT was pleasing to find that Tom Wolfe's first novel, The Bonfire of the Vanities (Jonathan Cape, £12.95), my choice for 1988, was every bit as good as the *The Right Stuff* or *From Bauhaus to Our House*.

There was also the delight of discovering that Wolfe has a heart – a fact that we might not have gathered from his acid, witty essays on American social pretensions. His multi-million dollar hero, Sherman McCoy, might be arrogant *and unpleasant but* we are made to feel for him in his fall from Master of the Universe to handcuffed *criminal* in the Bronx Courthouse.

Wolfe's novel is, in fact, tragic in the classical mode and the more acceptable *because of its compulsive* readability. Although it is fiction, it reads – from its startlingly opening to the epilogue purporting to be from the *New York Times* – like the starkest and most convincing statement of fact.

GEOFFREY MOORE

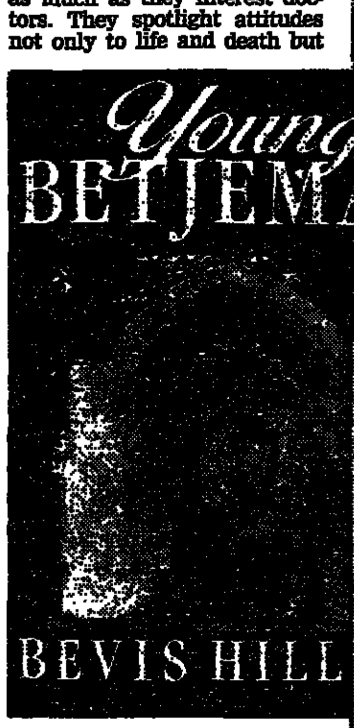
MARGARET FOSTER takes a new look at that real life heroine of romantic fiction, Elizabeth Barrett Browning, and finds her a far grittier character than usually depicted. In strengthening Mrs Browning's image, the ogre father, Mr Barrett, becomes, if not sympathetic, at least explicable. Foster has written a clever and compelling biography, Elizabeth Barrett Browning, (Chatto & Windus, £14.95).

Bevis Hillier approaches his poet, John Betjeman, with all the energy and concentration of a true enthusiast. His first volume Young Betjeman (John/ Murray, £15.95) which takes us to the poet's marriage in 1933, not only tells us everything that is important, inspiring and ridiculous about Betjeman but also gives a wide cross-section of the people he knew and loved (or hated) and the places he loved.

RACHEL BILLINGTON

I ENJOYED Richard J. Evan's massive Death in Hamburg (Oxford, £55.00) not only for its fascinating subject matter but for its meticulous scholarship. Very different from *Death in Venice*, this detailed study of how cholera in epidemic proportions struck wealthy Hamburg alone among the Western cities in 1892 is a lasting contribution to plague literature.

Epidemics interest historians as much as they interest doctors. They spotlight attitudes not only to life and death but



to the claims of Church and State, *and they test institutions* and administrative structures and processes. Professor Evans attacks the issues on every front, drawing on insights from many different disciplines, including medicine. It is often argued – rightly – that English historians neglect German history. This book proves just what a lively and sensitive historian can do with German local history after 10 years ferreting in the archives.

ASA BRIGGS

FOR sheer beauty of design, the taffeta binding and creamy paper of Robert Mapplethorpe (Secker & Warburg, £25.00) will be hard to beat The contents, however, are a different matter. Mapplethorpe, the greatest photographer in America, has an alarming sideline as a pornographer – whips, chains, the works – which detracts from the beauty of his formal portraits. A Ruskin crossed with de Sade.

However, my book of this and many a year – for sheer beauty of prose-style and argument – is Hugh Kenner's A Sinking Island (Barrie & Jenkins, £16.95).

This is a high-spirited jaunt over the topography of modern English writing. How all the reviewers howled, mistaking the text as an obituary for our literature rather than a challenge!

ROGER LEWIS

LOOKING back, I remember with most admiration and pleasure The Bonfire of the Vanities, by Tom Wolfe, (Jonathan Cape, £12.95). Widening his canvas somewhat, the arch-enemy of the Higher Humbug launches a savage, and, at times hilarious, onslaught on fashionable follies. This is a satire as unsparing as a barbed-wire entanglement; New York, the Great City of our era, seen by two fascinated, unloving eyes. Brilliant entertainment with grim patches.

GEORGE MALCOLM THOMSON

MURIEL SPARK'S A Far Cry From Kensington (Constable, £9.95) is a comic novel with a serious point. What better? Here is an evocation of 1950s London as seen by Mrs Hawkins, a formidable lady with lots of sound advice to give. She smites the Philistines in a very satisfactory manner, while also creating a little paradise of her own. It seemed to me to be a perfect fairy tale for adults.

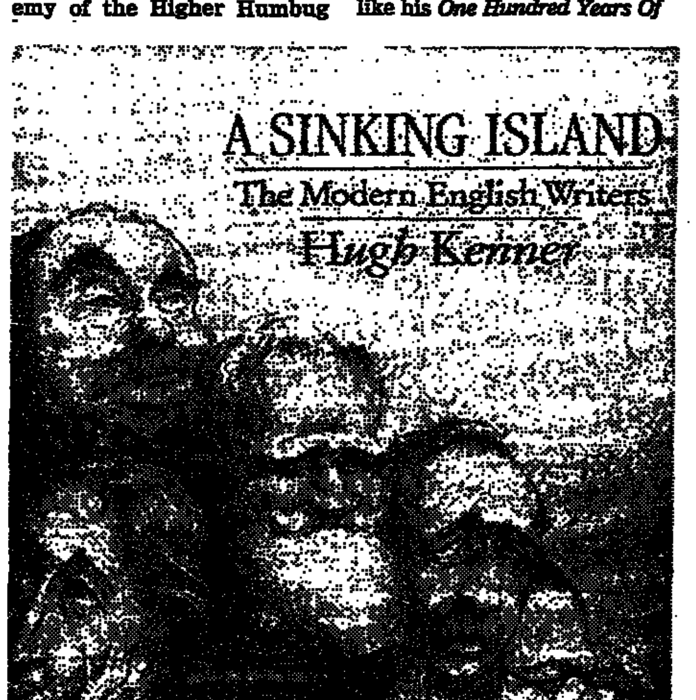
Perhaps I am unduly influenced by having only lately read André Jardin's Tocqueville (Peter Halban, £18.00) but it is a truly definitive biography. Tocqueville had the most distinguished political mind of his day, writing with absolute clarity about such topics as America and democracy and colonialism. It is unusually refreshing to have a biographer like Jardin who is willing to stick his neck out by giving his own opinions so soundly.

DAVID PRYCE-JONES

GABRIEL García Márquez's Love In The Time Of Cholera (Jonathan Cape, £11.95) is an extraordinary novel. It ranges, like his *One Hundred Years Of Solitude*, over almost the entire sum of human experience while staying in the confines of a remote, time-hazed South American town and environs.

Unlike the earlier book, this kaleidoscope of stories about love – romantic love, married love, erotic love – is subsumed into a single narrative, about one man's obsession with one elusive woman. But the glitter and originality of Márquez's style are undiminished. He re-maps for us a distant time and continent, he re-defines the frontiers between reality and fantasy, and he navigates like no other living writer the remoter reaches of the human heart.

NIGEL ANDREWS



THE cosmopolitan Mexican novelist, Carols Fuentes, celebrated his 60th birthday by publishing a wide-ranging collection of essays, Myself With Others (André Deutsch, £12.95) which fairly glows with intellectual energy and integrity.

Fuentes grew up in Washington DC, the son of a Mexican diplomat, and the first piece explains why he chose to assert his Mexican identity by writing novels in Spanish. The section on "Others" contains the best exposition I have ever come across of the work of García Márquez; a classic essay on Cervantes; an affectionate memoir of Fuentes's friend Luis Buñuel and a witty Borges pastiche.

The collection is crowned by Fuentes's Harvard Commencement address, which explains to Americans in passionate but well-reasoned terms the evils of their policy towards Central America. It is a work that I will return to time and again, one of that increasingly rare species of absolutely *necessary* books.

ALANNAH HOPKIN

AS a fervent admirer of the painter, I derived great pleasure from The Seven Sketchbooks of Vincent Van Gogh (*Thames & Hudson*, £30.00). Up to now they have been available only to scholars visiting the Rijksmuseum. Now we have a splendid facsimile edition of them reconstructed by its former director, Johannes van der Wolk.

RENATA GOLD

WITH reluctant stares at Alan Ross's second volume of autobiography, and David Roberts's life of poor Jean Stafford, the pleasure book this year is the (aptly titled) The Purest of Pleasures (Hodder & Stoughton £12.95) by Jill Parker.

Simple story: the creation from scratch, by an amateur, of a garden in the rubble of a rundown farmhouse in Oxfordshire. Anyone who has been foolhardy enough even to start on such a task will warm as much to her disasters (Oh, those pools) as to her triumphs, to her agonies which sprout honourably among her ecstasies. Delightfully illustrated by (a most talented) Wendy Bramall, the whole is controlled by a loving humility.

JOHN METCALF

KIDNAPPED by Tamil terrorists in 1986 and facing death often, Penelope Tremayne survived by her bravery and strength of character. She mapped in her mind where she was being taken (to tell on being set free) recalled poetry – Horatius on the bridge demolished despair best – and wrote exquisite memories of walking in Greece in 1951. Nor Iron Bars A Cage (Heinemann, £10.95) tells of her adventures in Sri Lanka, and much more: about coping when the chips are down, the emptiness of bullies, and the beauty of the countryside, old ways of life, and literature.

GERALD CADOGAN

IF you read his collected poems from cover to cover, you may well conclude that he is rather less good than you thought he was. It seems to me, though this may be unfair, that some of them are quite deliberately banal. Yet you will also see how good are the best, admire the technical mastery of "Many famous feet have trod," and wish that his uncharacteristically long and very ambitious "The Dance" had been completed. The poet is Philip Larkin. His Collected Poems: 1938-1983, edited by Anthony Thwaite, were published by The Marvell Press and Faber and Faber (£16.95). It is a book one will always go back to.

MALCOLM RUTHERFORD

THE new novel I most enjoyed during 1988 was by an American, Pete Dexter, of whom I had not heard before: Paris Trout (Collins, £11.95). This examines the consequences of the horrible events of one summer's day in the Georgia of the 1950s, and is focused on a white storekeeper and usurer, Paris Trout, as convincingly loathsome a character as you will find in any fiction of the Deep South since William Faulkner. We also meet Trout's sexually abused wife, his crooked lawyer – whose conscience is strained by the enormity of his client's evil – and a number of his black victims. Lucid, elegant and often witty, this novel seems to me to be outstanding, and I am now seeking out the author's two earlier novels, *God's Pocket* and *Deadwood*.

MARTIN SEYMOUR-SMITH

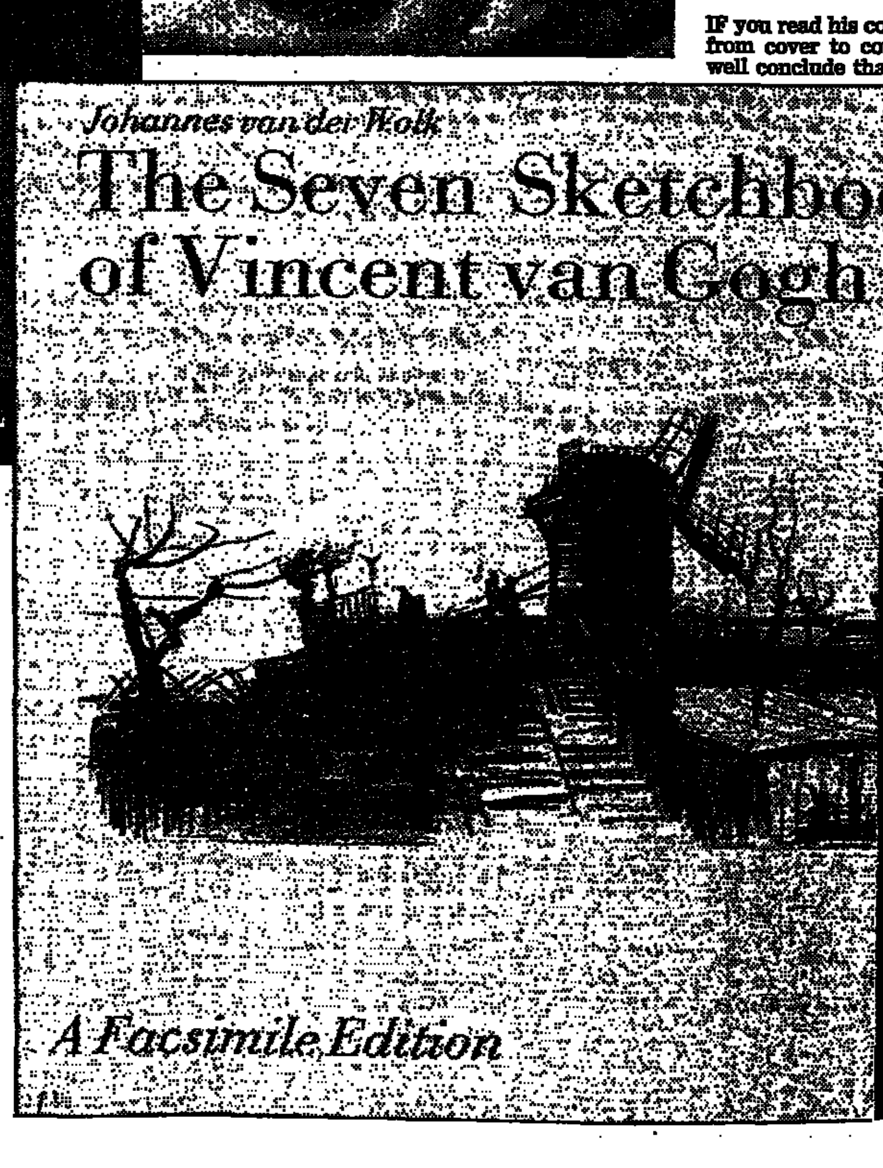
THERE is always something autumnal about Anita Brookner's people, who appear weighed down with reluctant wisdom even in youth, and heavily resigned in later life. Latecomers (Jonathan Cape, £10.95), a broad yet sharply focused novel, makes more of the theme than ever: two German Jews grow old in the London that has been their home for 50 years, struggling to keep *Torschlusspanik*, the panic of the shutting door, at bay.

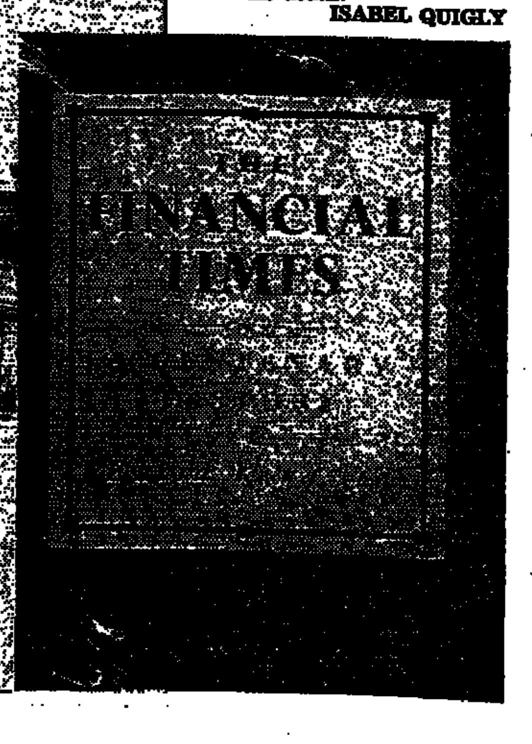
Many displacement novels deal in guilt and regrets; this is a brilliant study of what happens when you snatch people from their roots and leave them with nothing to remember. I was hooked from start to finish.

JACKIE WULLSCHLAGER

MY choice is The Last Leopard by David Gilmour (Quartet, £15.95) which answers questions raised exactly 30 years ago by the publication of what many consider one of the world's great novels, *The Leopard*. Who was its author, Giuseppe di Lampedusa, how much of his book was autobiographical or based on real people, how did he come to write his first fiction at the very end of his life, and what were the romantic, indeed dramatic, circumstances of its discovery and publication in the year after his death?

ISABEL QUIGLY





I CHOOSE Venter & Son by David Owen (Bloomsbury, £12.95). Its grim portrait of an Afrikaner "hairy-back," intent on murdering his traitorous child, has the power to haunt. Remarkably it was, or is, the author's first publication. I should point out, however, that it is only half a book. A second novella, *Eden*, was tacked on the back, so that the final product had two title pages, etc. – possibly the silliest publishing gimmick of the year.

JUSTIN WINTLE

David Cook's latest novel Crying Out Loud (The Alison Press/ Secker & Warburg, £10.95) not only moved me more than any other book I have read this year but was also painfully accurate about the sad and terrible consequences of the sexual abuse of children. His strong plot and wry humour make it a remarkable achievement.

SARAH PRESTON

I CHOOSE A Cup of Tears: Abraham Lewin's Diary of the Warsaw Ghetto by Abraham Lewin, edited by Antony Polonsky (Basil Blackwell, £14.95). It is not exactly holiday reading, but it is an authentic voice from the past which should be heard on the 45th anniversary of the uprising in the Warsaw Ghetto. Amid all the outpouring of books on the Holocaust, this terrible and yet beautifully written record of life in the Ghetto recorded by a 47-year-old schoolteacher is in a class of its own. Modestly introduced, and superbly edited, by Antony Polonsky, this unforgettable diary should be on everyone's reading list.

ZARA STEINER

I WAS almost overwhelmed by the volcanic vigour, richness and variety of Shaw's talent and his flinty originality after I had read Michael Holroyd's Bernard Shaw: The Search For Love (Chatto & Windus, £16.00). Final judgment on this monumental undertaking must await its completion but there is enough in this volume to show that as a biographer Holroyd has few equals and no superiors.

My other choice, Reflect on Things Past: The Memoirs of Lord Carrington (Collins, £17.50) has not surprisingly a pleasing touch of the aristocratic, combined with lightness, disarming candour, non-pomposity, and a temperament to keep the twin monsters – envy and unbridled ambition – in check. This distinguished autobiography proves that, even for politicians, it is possible to transmit private decencies to public affairs.

K. NATWAR-SINGH

JOHN BETJEMAN'S friendship *brought* an enormous amount of pleasure into my life but his early days remained a mystery until I read Bevis Hillier's Young Betjeman (John Murray, £15.96.)

The density of the information about Betjeman's life before his marriage makes a solid foundation for the anticipated volume about the poet's more creative years.

I particularly enjoyed the tales of life at the *Architectural Review* and Betjeman's attempts to reconcile his love of things Victorian with his employers' demands for Modern Movement propaganda.

The early life of Betjeman at Oxford and as a prep school master cannot fail to entertain, but it is his running battle with the "architectural nudism" of Le Corbusier and the Bauhaus that foreshadows his importance as an architectural conservationist.

There were always entertaining struggles too with the English class system for John Betjeman, and Bevis Hillier's book clearly understands the horrors and blessings of a life blessed more by talent than birth.

COLIN AMERY

LITERARY COMPETITION

ONCE again there are two separate competitions and, as you are all such talented competitors, they are of exceptional difficulty. You may enter for either or both.

Q RHYMES

IN HIS biography of Quiller-Couch, *A Portrait of Q*, published earlier this year (Methuen, £14.95), Dr A.L. Rowse writes: "I have always enjoyed the sheer virtuosity of his verses illustrating the vagaries of English spelling," and he quotes the following as an example:

O, the Harbour of Fowey
Is a beautiful spot,
And its there I enjowey
To sail in a yot
Round a mark or a buoy –
Such a beautiful spacht
Is the Harbour of Fowey . . .

And my leisure's addressed
To composing of verse
Which, if hardly the bessed
Might be easily werse.
And the spelling I use
Should the critics condemn,
Why, I have my own muse
And I don't think of themn.

You are invited to compose a poem of not more than 14 lines, using any metre or rhyme-scheme you like, about any place, real or legendary. The rhymed words in your poem must illustrate likewise the vagaries of English spelling.

JANE BOND SAYS:

One of Charlotte M. Yonge's favourite books when she was a small child was called *Miss Jane Bond*. In her life of the Victorian novelist, Georgina Battiscombe explains that this was a monosyllabic book which began:

"Miss Jane Bond had a new doll; her good aunt gave it to her . . ."

Your task is to adopt this style and, using only monosyllables, to write an extract of not more than 150 words from a novel featuring James Bond or any other fictional operator or detective from the work of (say) Conan Doyle, Dorothy L. Sayers, Agatha Christie, Raymond Chandler, Dashiell Hammett, S.S. Van Dine, Len Deighton, Dick Francis, P.D. James, Ruth Rendell *et al*.

■ The closing date for both competitions is Friday December 16. Entries should be addressed to the Literary Editor, Financial Times, Bracken House, 10 Cannon Street, London EC4 4BY.

Results, winning entries, and a full report, will be printed in the Weekend FT on Saturday December 31. The first prize for each competition will be £100 and there will be several lesser prizes.

BOOKS

The grand scholar of treachery

***Anthony Curtis** on the secret life of a master spy*

AFTER SIR Anthony Blunt had been unmasked publicly by the Prime Minister in a statement in the House of Commons in November 1979, the fellows of the British Academy were divided deeply about whether or not he should remain a fellow. Half felt his service to scholarship was such that he should continue as one of their number in spite of his activities on behalf of the Soviet Union. The other half found this view abhorrent and unacceptable. Blunt, in control of his destiny even in disgrace, solved their dilemma by resigning.

Costello touches at several points on Blunt's contributions to art criticism and art history. He detects a distinctly Marxist tone in much of the journalism that Blunt wrote in the 1930s when he was making his reputation. In a pre-war *Spectator* article, "The Elect vs. the Rest," he sees Blunt the art critic revealing "the roots of his Marxism." Blunt wrote: "Why must we all approach painting by means of that mysterious organ, the sensibility?" – a remark which others might interpret as just a mild *bit of Bloomsbury-bashing.*

Costello soon turns from the tranquil, lucid seas of art history to the murkier waters of espionage and the "penetration" (the key word in the book) of the British and US intelligence services, returning to painting only when Blunt is appointed Surveyor of the Royal Pictures or Director of the Courtauld Institute.

Although Blunt is the main character in the book, as he was the crucial figure (Costello argues cogently) in the Cambridge Soviet spy ring, it is not intended to be a biography of Blunt in the sense that, say, Bevis Hillier is writing the biography of Betjeman. Costello's book is, as he puts it, "the first documented dossier on Blunt, MI5 and Soviet subversion," and as such is researched indefatigably.

MASK OF TREACHERY
by John Costello
Collins £18.00, 761 pages

Blunt . . . traitor

Costello, a Cambridge law and history graduate and a former television producer, has interviewed everyone capable of being interviewed – from Rosamond Lehmann, to whom Blunt once said enigmatically, before his unmasking, "How can you ever forgive me?" to Robert J. Lamphere, a former FBI man who provided the information that led to the exposure of Fuchs and of Donald Maclean. He has also trawled through thousands of documents, particularly those in Washington DC relating to British intelligence.

Costello takes a sweeping historical view of his subject *and places Blunt within the* larger context of subversion of Western governments by Russian-directed communist agents and cells in the 1920s and 1930s. He deals exhaustively with both the Comintern and the Homintern. The result is a book packed with information, much of it shattering in its revelations of our national vulnerability to Soviet intelligence operations, but only to be recommended unreservedly to readers whose appetite for this kind of modern espionage history is insatiable. Many will feel over-faced by such huge helpings. And, to British readers, *a minor irritation is the* American copy-editing. They will learn of Blunt reading Math at Cambridge and visiting the Arts Theater there; and will be confronted by such characters as Lord Victor Rothschild and Lord Noel Annan.

Nonetheless, Costello does try at the core of the book to probe Blunt's motives and to discover the foundations of his complex character. He was such an effective spy because he was such a wildly improbable one. Blunt was, as Costello says, "the supreme Jekyll-and-Hyde character." How, we ask ourselves, could this son of a Bournemouth vicar, brought up to believe that a gentleman's word was his bond, traffic in such gross duplicity? Is the answer to be found in his career as a brilliant schoolboy at Marlborough, where he was part of the bohemian set, a friend of Louis MacNeice, and where he made his first homosexual conquests? The historian John Bowle, who knew him as a fellow-pupil, suggested that Blunt went on fighting the Marlborough establishment for the rest of his life.

Then came Trinity College, Cambridge, where Blunt surprised everyone by getting only a second class in the first part of the mathematics tripos. He switched to modern languages and obtained a First in both parts. The opportunity followed to turn his attention *as a research graduate to* French art and architecture.

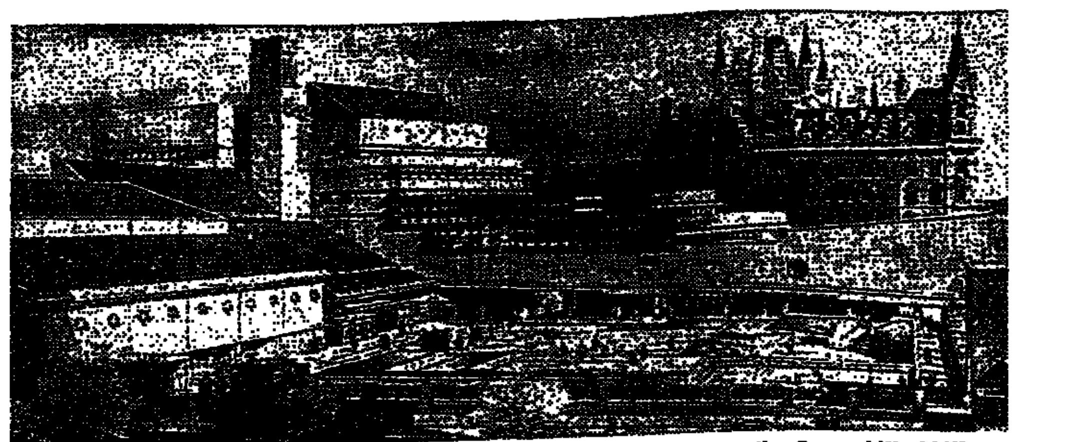
Blunt was at Cambridge from 1926; Philby in 1929; Burgess and Maclean in 1930. Blunt was concerned in his public confessions and rare interviews to fudge the dates when he became an active communist in Cambridge. Costello paints a picture of the Marxist landscape of Cambridge at this period with the diligence of a *pointilliste* stippling in each separate dot, starting with the members of that elite intellectual group, the Apostles, to which Blunt was elected a member.

It seems incredible how many dons were either active communists or "marxisant." Out of a confused and inevitably hypothetical background Blunt's paramount role becomes clear. He assumed a manipulative role which he never abandoned, whether he was working in academic life, in the army during the Second World War, in military intelligence and then in MI5, and afterwards on confidential missions involving the securing of documents connected with members of the Royal family from occupied Germany.

After the flight of Burgess and Maclean and later of Philby, about which Costello has a startling fresh perspective, Blunt's role was that of damage-controller. Even after he had been stripped of every honour and distinction and exposed publicly, he still had one or two cunning pieces of deception up his sleeve.

Costello has unearthed a mass of material of the greatest interest with praiseworthy energy and acuteness. Its full implications will take time to assess. It is unlikely to be the last word about Blunt and his kind.

British Library



The British Library . . . most expensive public building in the UK since the Second World War

Brutalist refuge for a nation's knowledge

***William St Clair** on the new face of an institution*

THE Government announced this month that it would provide £80m to complete the building of the new British Library. The figure is rather less than was bid for, and some reassessment of the architectural plans will be necessary. But, barring the unforeseen, the long years of arguing are over and the centre of the nation's collective memory will be established for the next century or two alongside London's St Pancras Station.

Some £260m has already been spent digging a huge hole for underground storage and preparing the initial works above ground. The new library will be the most expensive public building to go up (and down) in the UK since the Second World War.

As the chairman of the trustees declared (without trying to be funny) in the library's annual report, the shape of the building "can be concretely imagined." The report includes an artist's impression of the expected final result. There are large stretches of plain, windowless walls, uninviting tunnels, open space in which rubbish can blow around and plentiful opportunities for graffiti-writers.

The designs were prepared early in the 1970s when the brutalist style was still dominant. According to the Prince of Wales, the library will look like an academy for the secret police. Fortunately, the steel and concrete is to be covered with red brick to match the station building nearby. The roof will have 50,000 grey Welsh slates. The library authorities have promised that the open spaces will be managed actively. The result might, in the end, not be as bad as the Barbican or the National Theatre – but we will have to wait and see.

Inside, things are better. The controlled environment should help to slow the decay of the books and, with most of the stocks held on site, delivery and waiting times ought to be better. The best feature is that the reading rooms will have plenty of daylight, unlike most modern library buildings, where the needs of the books take priority over humans.

The British Library is big business. It holds more than 18m items on 376 miles of shelving. It employs nearly 2,500 staff in 12 main locations. The library is a main resource for research, not only in traditional subjects but also for science, technology and industry. It is responsible for central lending, for the nationwide bibliographic services, and for much else.

Spending in 1987/88 was £68m, of which about £16m was self-generated. And although it spent nearly £9m on purchases, most of the books came free. Under law, a copy of every item published in the UK must be deposited with the British Library as well as at five other major libraries. The number of items received last year was more than 350,000, over 50,000 of them books. You could say that the main assets of the library have been built up over the years by means of a tax on authors and publishers. They are also among the main users and the main sufferers.

In recent years, management has made commendable efforts to improve the library's usefulness. But apart from the repayment services to industry, there is still much about which to be dissatisfied. The operating grant is planned to decline in real terms, something that the recent increase in the inflation rate will sharpen. This fall will have to be made good by private money, new technology, or improved efficiency.

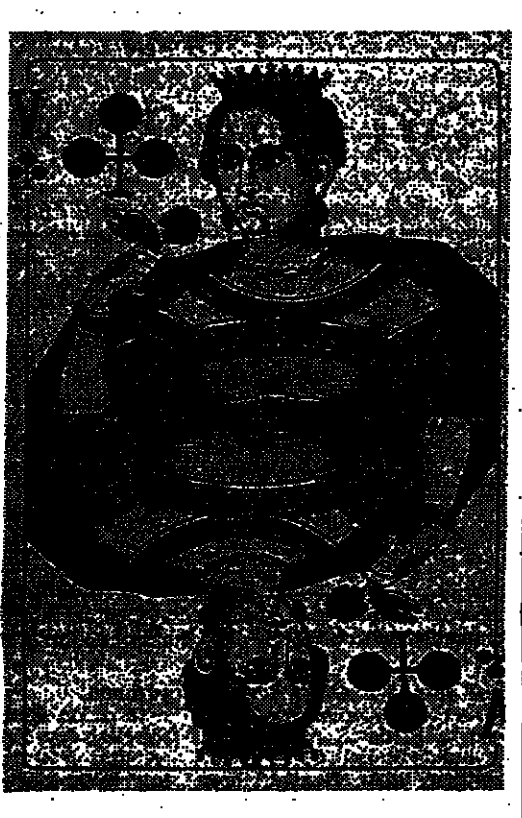
Meanwhile, the catalogue of the manuscript collections has a backlog of several decades. It takes so many weeks to have any kind of photography done that staff members are advising customers to write to libraries in the US which can turn around their orders more quickly (and probably at lower cost as well). In my experience, the success rate of getting the books you order within a reasonable time (say, 90 minutes if they are in the building) is about 75 per cent, a figure which matches the library's own estimates.

The management is determined to ensure that the new building will mark a change. As Kenneth Cooper, the chief executive, has said, it would be a deceit on the public to spend so many millions on the building and then fail to provide the services. There are encouraging signs of success but, if so, this will produce its own problems.

At the moment, as with other public services, demand effectively is stifled by the frustration of customers who turn to the library only when there is no alternative. The new library could turn out to be a literary M25.

Whatever happens, the building will stand as a monument to the spirit of the present age. To the Greeks, great public libraries were there to restore the soul. They were hospitals for the mind. In the Western tradition, inscriptions, paintings and statues have tried to raise the eyes of readers above their mundane commercial concerns. Libraries offered an opportunity to break free for a while from the ideas of your own time and place and join a wider republic of wisdom and knowledge.

The new British Library will make no such claim. Stark and joyless, it has been conceived as a place where you go to look up things, a Yellow Pages of the mind. The books will move in the summer of 1993 and everything will be ready by 1996. The present reading room in Bloomsbury, with its splendid towering dome, will revert to the British Museum, where it will continue as a reading room and a reminder of more ambitious and more hopeful days.



Two French designs from *Playing Cards in the Victoria & Albert Museum* by Jean Hamilton, (HMSO, £7.95). This is a fascinating paperback book with a scholarly introduction and illustrations in colour of more than 100 cards. The two shown above are from a modern pack designed by Alfred Mouron and published by Hermès in 1955, and (right) from a whist pack, designed by F. Simon around 1910, published by P.S. Grimaud.

History through a Trotter's eye

THE TROTTER-NAMA: A CHRONICLE
by I. Allan-Sealy
Viking £12.95, 608 pages

STUDENTS of Indian history know and love the *Babur-Nama* and the *Akbar-Nama*, accounts of the lives of the Moghul emperors, Babur and Akbar, which are rich in the history and detail about the political and social events of their times.

Now comes *The Trotter-Nama*. Trotter? Few people, even intense students of Indian history, have heard of him (?) them (?) or it (?). For the ignorant, Trotter is the family name of Justin Aloysius Trotter (died 1799), and the first Trotter of the book, also called the Great Trotter.

Appropriately, he spent much of his life in India, hence having a family history called Trotter-Nama (*nama* is Hindi for name). But he was originally French, called Trottoire. He made his fortune in gunpowder, indigo and ice and died while on a voyage in a home-made balloon.

Trotter spawned some distinguished and unusual descendants; they included Mik, also known as the Next Trotter, or as Mikhail the gypsy general for his exploits on the Afghan border; a painter, a policeman, a piano-tuner and a pacifist historian who became a raingauge salesman.

The author of the chronicle is Eugene Aloysius Trotter, the seventh descendant, who calls himself the Chosen Trotter. He is a painter and forger of miniatures who doesn't mind playing around with history.

It is, of course, a novel, something of a blockbuster running to almost 600 pages. By turns it is extravagantly hilarious, malicious, magical and sometimes simply overwritten and overdone. The problem is that it is intended as a great romp through history, but the writing is too complicated and gothic and flits too much between past and present, to make it into a light read on an aircraft; yet, it is not quite fine enough to be a classic for close study.

Kevin Rafferty

A dynasty of troubled souls

***David Housego** on the Bhuttos*

DAUGHTER OF THE EAST: AN AUTOBIOGRAPHY
by Benazir Bhutto
Hamish Hamilton £12.95, 288 pages

IN 11 years of military rule in Pakistan, Benazir Bhutto saw her father hanged after a shoddy trial. She and her mother spent long periods under detention or in prison. Her two brothers joined a terrorist organisation and one was killed. A once seemingly close family was broken up and scattered.

Little wonder that bitterness and anger surge through these pages. Bhutto says that she decided to write the book to place on record her experience of these years. It is a testimony written under the pressure of events – President Zia-ul-Haq was still alive when the book was finished – turbulent, moving, but at times muddled and sentimental.

It shows her extraordinary courage in the face of threats, imprisonment and exile. It also shows the lengths to which President Zia's regime was prepared to go in an effort to break her nerve. Of solitary confinement in Sukkur prison in Sind in temperatures up to 120 degrees, she writes:

"My skin split and peeled, coming off my hands in sheets. More boils erupted on my face. The sweat dripped into them, burning like acid. My hair, which had always been thick, began to come out by the handful." She later had to undergo an operation for a middle ear and mastoid infection.

What flaws her account – as it flawed the character of her father, Prime Minister Zulfikar Ali Bhutto – is the failure to see that his opponents could have been moved by anything but malice. He Bhutto emerges as the hero on a white horse. Yet, the last years of his administration were marked by vindictiveness, a growing authoritarianism, the stagnation of the economy and, finally, the rigging of the results in the 1977 election.

Bhutto called in the army to protect his Government from the outcry that followed. The army found themselves firing on crowds whose origins and family background were similar to that of their rank and file. Even after Zia arrested Bhutto, a compromise was possible on the basis of a fresh election. But Bhutto could never forgive the man who had deposed him. Zia feared that the former Prime Minister, back in power, would seek his revenge.

Pakistan politics was played out across this divide to the exclusion of almost any other issue, as was the recent election. But it is a conflict that the country needs to forget if there is to be the reconciliation and mutual good will that allows democracy to function. Bhutto writes that while the campaign against Zia was in full flood and she was still burning from the wounds of martyrdom. Almost certainly, a very different book would have emerged if she had known that, within a few months, Zia's death was going to bring party-based elections and put the premiership within her grasp. There is, thus, little in it to tell us how she would make the transition from mobilising the street against Zia to running the government herself.

"Do you want freedom? Do you want democracy? Do you want revolution?" she called to the crowds in Lahore when she returned to Pakistan in 1986. "Yes, the roar came back every time, three million voices shouting as one."

Bhutto . . . bitterness

Among the countless officials, military personnel, businessmen and politicians who were implicated in and profited from the Zia years, it will take a long time to remove the fear that the return of the Bhutto family to power will mean the settling of old scores. But until that fear is removed, it will take a long time to entrench firmly in Pakistan the democratic tradition of the smooth transfer of power.

These pages also demonstrate that Bhutto has good reason not to forget those who persecuted her, her father and the supporters of Bhuttoism. During the election campaign, Bhutto pledged that she would not be vindictive. But, equally, she is determined to clear her father's reputation. She has called for an independent commission or a parliamentary enquiry to review the court proceedings against him.

The risk is that this would re-open old wounds and polarise the nation again. In putting back her father on his white charger, Bhutto would be propagating the myth further. But Bhuttoism is a source of division in Pakistan. Bhutto as head of government, or leader of the opposition, needs a fresh starting-point. In this sense, these pages are ones that she needs to put behind her.

Classical collection

SOME recent books on the ancients suitable as presents include *The Oxford History of the Classical Worlds*, now issued as two paperbacks. These admirable volumes show there is life in Greats yet.

It is an excellent book to give to a godchild or niece beset by thoughts of UCCA forms, or for anybody who has travelled in the Mediterranean and wants to know the culture and the latest views behind the art and ancient sites. Among the authors is Weekend FT's own Robin Lane Fox.

THE OXFORD HISTORY OF THE CLASSICAL WORLDS
Oxford, £9.95 each, 446 and 456 pages

GREEKS, ROMANS AND BARBARIANS
by Barry Cunliffe
Batsford, £19.95, 243 pages

Another Oxonian is Barry Cunliffe, whose *Greeks, Romans and Barbarians* puts the Classical world and Iron Age northern Europe into a single perspective. There is plenty of evidence for trade before the (Roman) flag. Britain swapped metals, slaves, corn, hides and hunting dogs for wine, glass ingots and figs.

Gerald Cadogan

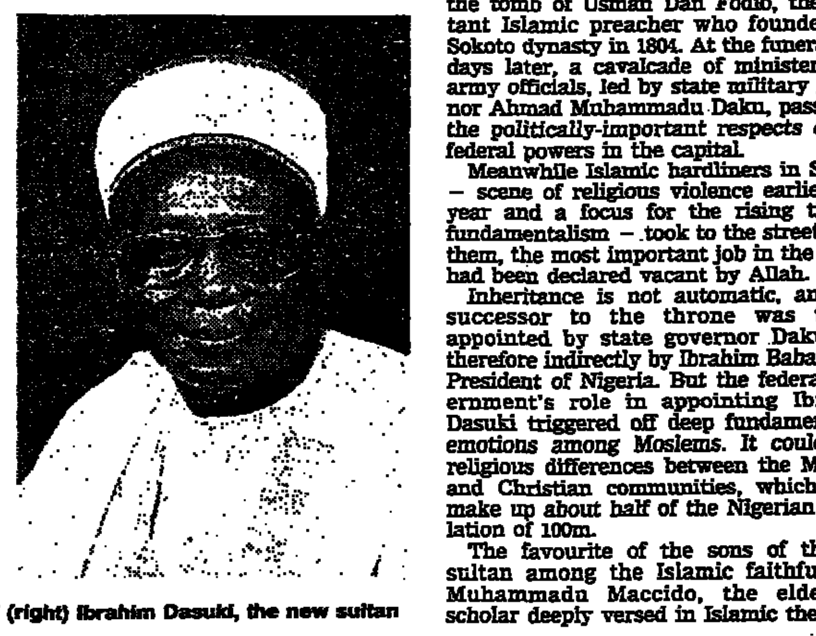
DIVERSIONS

Sultan scorned by the faithful

***Gareth Pownall** reports on a power battle in northern Nigeria*

ENRAGED protestors took to the streets when Ibrahim Dasuki, a Western-educated millionaire, was crowned 18th Sultan of Sokoto in northern Nigeria last week. Many of his subjects chanted "Ba Mu So" ("We don't want") outside the mud walls of the palace. The mob also burned down a radio station, besieged Dasuki's house and set fire to the Bank of Credit and Commerce International, of which Dasuki is a shareholder. They hurled wads of money into the flames. In two days of violence, 10 lives were lost.

The sultan is also Sarkin Muslimi (commander of the faithful), and thus spiritual leader to as many as 60m Moslems in west Africa. The protestors came close to murdering Dasuki, whom they regard as an infidel. They held Sokoto until the army arrived.



An archive photo of Abubakar Siddiq III, Sultan of Sokoto, who died earlier this month, and (right) Ibrahim Dasuki, the new sultan

When Abubakar Siddiq III, Sultan half a century, died on November 1, only three of his 52 children stood by the deathbed. At 5pm a whispered *fatiha*, or prayer for the dead, was pronounced. But the three princes by the deathbed already were locked into what would become the most bizarre battle for succession in the 184-year history of the sultanate. Ibrahim Dasuki was not among them.

That night, the old sultan was buried in the tomb of Usman Dan Fodio, the militant Islamic preacher who founded the Sokoto dynasty in 1804. At the funeral two days later, a cavalcade of ministers and army officials, led by state military governor Ahmad Muhammadu Daku, passed on the politically-important respects of the federal powers in the capital.

Meanwhile Islamic hardliners in Sokoto – scene of religious violence earlier this year and a focus for the rising tide of fundamentalism – took to the streets. For them, the most important job in the world had been declared vacant by Allah.

Inheritance is not automatic, and the successor to the throne was to be appointed by state governor Daku and therefore indirectly by Ibrahim Babangida, President of Nigeria. But the federal government's role in appointing Ibrahim Dasuki triggered off deep fundamentalist emotions among Moslems. It could fuel religious differences between the Moslem and Christian communities, which each make up about half of the Nigerian population of 100m.

The favourite of the sons of the old sultan among the Islamic faithful was Muhammadu Maccido, the eldest, a scholar deeply versed in Islamic theology. His claim was challenged by two other princes. Each of the three paraded his saintliness but was quick to exchange insults when the question of succession arose.

There were two strong candidates less entangled in the strict Islamic orthodoxy: Shehu Malami, an influential and affluent businessman, and the surprise candidate, Dasuki, a jet-setting millionaire with powerful connections. Theologians argued that, although head of the important Society for the Victory of Islam, Dasuki was ineligible as his branch of the family had never produced a sultan.

Sokoto's faithful gathered in the rambling local market and outside the mosques, carrying radio-cassette players. Groups listened as the local radio announced Muhammadu Maccido's accession to the throne. The information came from an unsigned document circulated in the palace and in a song from the court praise-singer.

DESPATCHES
Nigeria

Thousands danced in honour of the new ruler. The modest Maccido accepted his appointment publicly, obviously deeply moved. Then one of Sokoto's kingmakers, Aliyu Gumbi, came on the air saying that no sultan had been named. The faithful returned to the mosques and gathered round their ghetto-blasters.

After noon prayers, there was a radio announcement: "The military governor of Sokoto state has approved the appointment of Ibrahim Dasuki as Sultan of Sokoto."

Suspicion that the military government in Lagos had overruled Islamic elders was at the root of the crisis. While local military authorities denied intervention, speculation of a political appointment spread like wildfire. "He is too rich and too Westernised to be a leader of Islam; the people just don't want him," complained Sokoto resident Suleimann Maiturare.

The last succession battle was fought in 1938 when British colonial officials overruled strong local sentiment and chose Abubakar Siddiq instead of his cousin. But an ominous sign for Dasuki in 1988 has been the deafening silence from the emirs of the north. "Maccido was the candidate of the conservative Islamic establishment," said one palace-watcher. "It is no wonder Dasuki has gained no respect."

Of the great Nigerian warlords, from the honoured Ooni of Efi to the polo-playing Emir of Katsina, none deigned to attend the army-guarded "turbanning" of Sokoto's new sultan. Most chose instead to visit the jubilee celebrations of the powerful Emir of Kano.

Sharp antagonisms, stirred by the military government's decision in 1986 to become a full member of the Islamic Conference Organisation, and the vexed issue of the status of Sharia (Islamic) law, are setting the predominantly Christian south against the Moslem north. "If there is a fire, that fire will burn us all," said Dasuki, speaking of the religious passions of the Sahel region.

Should the flames catch and be fanned by winds from Libya and Sudan, then not only the people of Sokoto, but millions of ethnically and religiously divided Nigerians, could get caught in the conflict.

Country Notes

Lost among the mushrooms

ONE FINE autumn morning I went on a "fungus foray" organised by the Dorset Environmental Records Centre. About 20 of us met in the car-park of a local wood, from whence we were sent into the bosky undergrowth, equipped with an assortment of pocket knives, garden trugs and empty food cartons. Our brief was to find and gather as many kinds of fungi as possible.

A delicious scent broke from the chilled earth as we scrabbled about in the shadowy leaf mould, among tree roots, brambles and spiny seedcases of fallen sweet chestnuts.

Our heads-down searches led us away from paths and from each other, which provided a nice excuse to become slightly lost among the otherwise familiar beech, oak and pine trees.

Eventually, I found myself alone but for an insistently nosey robin who circled me close enough to touch had I tried. I paused and gazed up at the sunlit canopy far above. The breeze stirred itself into a wind and a few of this season's leaves, redundant at last, sailed dryly earthwards, leaf clattering against golden leaf in mid-air. It was a good day to be out.

We found our fungi: more than 70 different kinds when we met for a sandwich lunch. Our leader arranged the morning's harvest carefully over a white sheet on the ground, a feast for all the senses.

For an hour we watched in fascination as he examined each specimen, feeling, smelling, bruising or cutting; checking gills, spore colours, shapes, the presence or absence of a ring round the stem and so on until he had, more or less, identified them all.

We were surprised by their sheer variety, from a tiny blob – which he assured us was a perfectly formed miniature mushroom – to a great "bracket" fungus cut from the trunk of a beech tree. There were "jellies" and "brains" and "spots" and equally varied colours. These ranged from almost luminous pale violets, pinks and yellows of a remarkable delicacy, through browns and blacks, to a bright copper green which stained the wood of its host.

Many had changed colour during their brief lives, simply through age or from being touched, or even in response to the moistness of the air. Some produced a kind of milk, another a clear juice that stained a handkerchief yellow. Some were poisonous, some good to eat; some favoured deciduous trees, others preferred pine and caused decaying wood to glow phosphorescently in the dark.

They smelled of raw potato, aniseed and dried apricot. Their names were equally evocative: candlesnuff, club woollyfoot, wood blewit, shaggy ink cap, destroying angel. Someone had found a clutch of black, charcoaly blobs: what else but (King) Arthur's Cakes?

Afterwards everyone reclaimed their booty, but one specimen remained. Taking pity on it, I took it home as a boxed gift for my husband. "Eri" he said, somewhat ungraciously, I felt. "That's disgusting." I didn't argue, for it was the aptly-named stinkhorn (*phallus impudicus*). Geoffrey Grigson once described it as "one of nature's dubious jokes," inspired, if that is the right word, by its suggestive form, tipped with malodorous green slime.

Fishing

Hooked on tough competition

***Tom Fort** takes a world view*

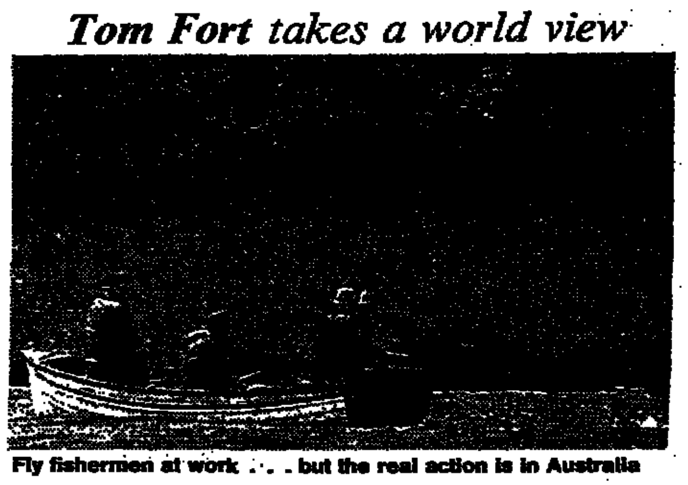
MANY ANGLERS view competitive fishing with the greatest distaste, as their sport's unwanted bastard child. For them, it conjures a picture of a trampled bank lined with unsavoury types whose souls know nothing of poetry, firing maggots by the hundredweight into murky canal waters, cramming their keepnets with stunted, starving fish.

That, grossly distorted, is competitive coarse fishing. Mention competitive fly fishing to your purist and his expression of refined contempt is likely to give way to a scowl of rage. Competitiveness offends the basic tenets of the purist's creed.

For one thing, he does not wish to be numbered in a team. He will fish with a friend, so long as that friend's appreciation of angling's true values matches his own. He is as happy on his own with the kingfisher or water vole for company, wandering where his whim takes him.

He has no actual prejudice against catching fish but he regards caring about size or numbers as evidence of moral pollution. The idea that he should gather up his catch at the end of the day, record its weight to the last dram, and then submit it for comparison with someone else's, is sacrilege.

Alas for the purist, competitive fly fishing is booming, with Britain at the forefront.



Fly fishermen at work . . . but the real action is in Australia

Last year, the seventh world fly fishing championships were held in England, resulting in an unparalleled triumph for the host team. England beat the other 20 competing nations with ridiculous ease, finishing a modest 40,000 points in front of their nearest rivals, Australia. In the individual event, the first four places were occupied by Englishmen headed by world champion Brian Leadbetter.

However, the image of competitive fly fishing did not come out of it so well. On the principle – presumably – that it is easier to weigh a dead fish than a live one, all qualifying specimens were killed. And there were a great many of them, since the organisers had arranged plentiful stocking in advance.

Thus, on Rutland Water on the first day, Brian Leadbetter weighed-in 36 trout, and one of his team-mates 31. Photographs of the piles of corpses appeared in the national press, combined with unkind comment on the anglers' bloodlust. A more informed, but equally fierce, debate was conducted in the angling papers.

That lesson has been learnt for the eighth world championships which begin today far away in wet, windswept Tasmania, Australia. All fish caught will be released. Neither will there have been artificial stocking of the lakes where the competition is being staged. It seems that in Tasmania they follow the novel procedure of devoting resources to improving the existing habitat, rather than to paying for shoals of pellet-fed stock fish to be tipped in by lorry and hauled out immediately by anglers.

Mind you, they do start with considerable natural advantages. There is prodigiously rich feeding on most of Tasmania's 3,000 lakes and, with angling pressure far less intense than it is in Britain, the trout grow to impressive dimensions. Fish of 4-5lb are common and those of 20lb not unheard-of.

The competition is taking place at three venues in the Western Highlands, not far from Launceston.

In spite of the presence of four members of last year's winning team, England's chances are not rated too highly. Home advantage makes Australia favourites, with New Zealand likely contenders. Of the European teams, the Italians have the best record, having won four world championships.

The chief organiser, Tony Pawson, a distinguished sports journalist and a former world champion himself, assures me it's all good clean fun and fishing at its best. I must confess that I am not entirely convinced – although that might be because my incompetence as an angler would make it unwise to offer myself as a candidate for selection.

Still, let us offer our chaps a cheer of encouragement, and wish them tight lines.

Chess

WHEN A grandmaster loses with the white pieces in only 18 moves without any obvious blunder, expert players in many countries study the opening carefully. Such results usually mean that the repertoire trusted by the loser (and by other GMs) has a hidden flaw.

This week's game was played at the annual World Open in Philadelphia where, despite the tournament's grandiose title, few entrants came from outside North America. The record fund of $53,000 still attracted the entire US olympic team among a total of 17 grandmasters.

First prize of $25,000 was the largest ever in this type of event and marked a growing trend for US competitions to have significantly higher awards than those in Europe. This year the Americans stage the New York Open, the World Open and the Software Toolworks Open in California, all with six-figure prize funds that allow separate lists for lower, rating-limited sections.

Familiarity has hardened American GMs to the pressures of such competitions where the highly-geared prize structures add to the tension of final rounds. The winner of the game below, the 1985 junior world champion, also won the 1988 World Open. He referred, jokingly, to his first place as worth "two and a half Luganos." (The international open at Lugano, Switzerland, respected widely as the strongest in Europe, has a $10,000 top prize).

White: B. Gulko.
Black: M. Dlugy.
Queen's Gambit Accepted (World Open 1988).

1 P-Q4, P-Q4; 2 P-QB4, PxP; 3 N-QB3, P-QR3.

For many years, chess opening books all criticised White's third move, stating that 3 N-KB3 is necessary to stop Black equalising by 3 ... P-K4. However, 3 ... P-K4 is well met by 4 P-K3! PxP; 5 PxP followed by BxBP and Black's KBP is vulnerable to piece attacks. After 3 ... P-QB3, White's simplest plan is 4 P-K3, N-KB3; 5 BxP, P-B4 transposing back to the main line of this opening.

4 P-K4, P-QN4; 5 P-QR4, P-N5; 6 N-R2, B-N2.

With the white pawn on K3, this development would be ineffective due to 7 NxNP.

7 P-B3, P-K4; 8 BxP?

The key mistake for the databanks to note. White now remains a pawn down; he had to prefer 8 PxP, QxQ ch with an unclear endgame. Since that is hardly a success for the white pieces, it looks as if 3 N-QB3 will fade from the repertoire.

8 ... PxP; 9 Q-N3, Q-K2; 10 N-B3, N-QB3; 11 B-KN5, P-B3; 12 BxN?

White miscalculates and loses material. Normal play is 12 B-B4, but then N-R4; 13 Q-Q3, NxB; 14 QxN, P-QB4; 15 O-O, Q-KB2 keeps the king safe and consolidates the extra pawn.

12 ... PxB; 13 NxKNP? BxB!

White only saw QxN; 14 Q-B7 ch although, even then, Black is winning.

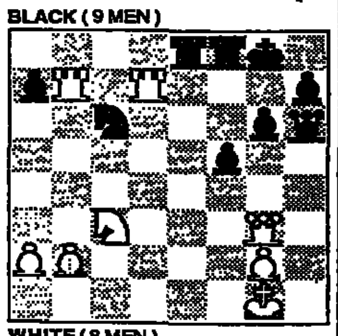
14 QxB, QxN; 15 Q-K6, Q-K2; 16 Q-R3, P-N6! 17 N-B1, Q-N5 ch; 18 K-Q1, Q-B5; 19 Resigns.

The threat is Q-B7 ch and B-N5 ch, or even B-N5 first. At best, White will lose his KR1 rook.

PROBLEM No. 749

This month marks the centenary of the birth of Jose Capablanca, world champion 1921-27 and probably the greatest natural genius among all grandmasters. For 10 years from 1914, he lost only one game and was called the "chess machine."

BLACK (9 MEN)



WHITE (8 MEN)

Capa's charisma could overawe opponents. After his next move in this position (Capablanca v. Wohlbrecht, St. Louis 1909), Black resigned immediately. What was the finish and was Black right to give up?

Solution Page XXVI

Leonard Barden

Bridge

TO HOLD or not to hold, as Shakespeare might have said, is the theme of my two hands today. We look to rubber bridge for our first deal:

	N	
	♠ 8 5 4 ♥ 9 7 5 2 ♦ K Q ♣ A 8 6 3	
W ♠ A 10 9 7 3 ♥ K 4 ♦ J 9 7 5 ♣ 5 2		E ♠ Q 6 ♥ 10 8 6 3 ♦ 10 3 2 ♣ J 10 9 4
	S ♠ K J 2 ♥ A Q J ♦ A 8 6 4 ♣ K Q 7	

With both sides vulnerable, South dealt and opened with two no-trumps, while three no-trumps from North ended the auction. West led the seven of spades and East's queen was allowed to win. The spade six went to knave and ace and West returned the 10 to clear his suit.

The declarer won, cashed king and queen of clubs and crossed to the ace. West, who was a first-class player, saw he could not afford to throw a diamond and that to discard a spade would be equally fatal to the defence. So, bravely, he bared his king of hearts.

As the clubs had not broken, and knowing that he could not make more than three tricks in diamonds, South led a heart from the table and finessed the knave. West won and defeated the contract with his spade winners.

South's refusal to win the first trick was insanity. He should take with his king, cross to the diamond queen, return a heart and finesse the knave. West wins but he cannot harm South by continuing spades. Whatever return he makes permits the declarer to make nine tricks.

In fact, if South times his plays precisely, he will exert pressure on West and make an overtrick. He arrives at a four-card end-position, in which West has ace, 10 of spades and knave, and nine of diamonds; dummy has two spades, a heart and a club; while South holds knave, two of spades and ace, and eight of diamonds.

South cashes the ace of diamonds and throws West in with the eight. West is end-played and must allow South to make his knave of spades.

We turn to teams-of-four:

	N	
	♠ J ♥ A 7 3 ♦ K 7 5 ♣ A K J 7 3 2	
W ♠ Q 9 7 4 2 ♥ J 10 4 ♦ J 8 4 3 ♣ 9		E ♠ K 10 5 3 ♥ 6 2 ♦ A Q 9 6 ♣ Q 8 6
	S ♠ A 8 6 ♥ K Q 9 8 5 ♦ 10 2 ♣ 10 5 4	

With East-West game, North dealt and bid one club. South said one heart and, after three clubs from North, bid three hearts, which was raised to four hearts. This became the final contract.

West led the four of spades, on which East played the king, and the ace won. After ruffing a spade on the table, the declarer drew trumps in three rounds and finessed the 10 of clubs. The queen won, and East led back the three of spades. This enabled West to make his queen, and the obvious diamond switch allowed East to make ace and queen and defeat the contract.

In this hand, the hold-up at trick one is mandatory. If East returns a spade, it is ruffed on the table and trumps are drawn. With the spade ace intact, declarer can take the club finesse without fear. If East returns a trump at trick two, the declarer draws three rounds – he does not need the spade ruff – and takes the club finesse.

This hold-up might cause physical pain to the average player but it removes all difficulties – and 30 points is no high premium for the insurance policy.

E. P. C. Cotter

Welsh worms can be turned

***Jeremy Cherfas** visits a woman with a willing work-force of 3m*

FIVE YEARS ago, Cath Morris was looking for a change. She decided to go into organic gardening, and today employs a work-force of 3m, give or take a couple of hundred thousand.

Morris's workers are earthworms. Not the common or garden earthworm, but *Eisenia foetida*, also known as the muck worm or brandling worm. They are the thin, reddish type that you are likely to find under horse droppings in a field, or working their way through the local muck heap.

Morris became interested in worms when she looked around for an approved organic compost in which to grow her plants. There wasn't one. So, she read all she could and decided to put *Eisenia foetida* to work, with excellent results.

An earthworm's life is not overly complicated. With a few carnivorous exceptions, most species live on dead and decaying matter. They take it in at one end, digest it, and pass it from the other as a worm cast. They also eat their way through the soil they live in. As a result, by mixing and processing whatever they have eaten, the worms convert rubbishy waste into rich compost. Roughly, a kilogram of worms – about 700 full-grown specimens – will eat their own weight of waste each day and create an equal weight of worm casts.

The worms' other biological imperative is a little more convoluted. Each animal is hermaphrodite, with male and female organs. But each must find a partner and mate; once that is done, the worm can produce a capsule, which usually contains four eggs, every 10 days. The young mature at about three months so that, given the right conditions, multiplication proceeds at speed.

Cath and her partners set up Turning Worms with a bought-in starter herd of 3,000. For a while, the company lived in an industrial unit on an estate near Aberystwyth. They moved a few miles down the coast to a small-holding, where the worm workshops sit stacked at the back of a big, grey, barn-like building.

About a metre square and 25 centimetres deep, built of plywood, each workshop holds about 12,000 worms. *Eisenia foetida* is much more tolerant of crowding than other species, just one reason why it is the worm of choice in Morris's business. The working box starts life as a comfy bed of peat. To that are added the worms and regular helpings of seaweed bought in, mostly from Ireland.

The worms go to work on the seaweed and peat, night and day, for a length of time that is a closely guarded trade secret. When it is time to gather the fruits of their labours, the box goes to a harvesting table, a rickety contraption that suspends an infra-red lamp above the surface of the peat. The worms dislike the heat and light and move down to the cool damp at the bottom of the box, while Cath and her partners remove the compost they have vacated.

The worms are scooped up, weighed, and put into another box to carry on the process. For the worms it's a life of never-ending toil, although it is hard to say how long that life lasts. Probably between three and four years; replacements come from Turning Worms' breeding boxes.

These are exactly the same as the working boxes except that the diet and bedding are more interesting: old newspapers, sawdust, any vegetable waste from house or garden. One breeding box looked into was graced by a dying cyclamen and a couple of rotten tomatoes. It makes no difference to the worms in the breeding boxes but would play havoc with quality control in the working boxes.

The worm-worked material gathered from the working boxes joins a small mountain of rich, brown, sweet-smelling stuff stacked neatly against a wall of the barn. I cannot begin to imagine how many worm/days of work it represents but, to the human workers at Turning Worms, it is the raw material for their various composts, the first to gain the approval of the Soil Association. Over the winter, they will mix the mountain with additional organic fertilisers and bag it, ready for the spring rush. But is it all worth it? Is worm-worked compost really that good?

"Well," Morris replied, "if it's not, there are a lot of scientists that are wrong. There have been quite a lot of tests carried out and, in each instance, the worm-worked material has proved to be better than just composted material."

What about the ethical question, of keeping 3m worms hard at it night and day? "I've often wondered if we're going to get animal rights after us for factory-farming worms," Morris admits, "but all we're doing is providing the conditions they like. I would hate to exploit my worms. Without our worms, we wouldn't have a business."

And it is a business. Turning Worms, after four years and some 200 tonnes of worm-worked compost, is about to turn a profit. From a starter pack of 3,000 worms to a willing work force of 3m: enterprise culture in action.

Archaeology

The curse of leprosy

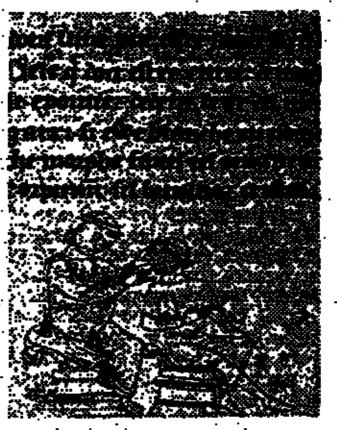
Gerald Cadogan on a forgotten side of UK history

THE LEPER ringing his bell was the curse of the Middle Ages. In Britain there has been no case since Victorian times (in the Hebrides), although elsewhere in the world 12m to 15m people are infected. However, to reveal what you might consider a best-forgotten side of British history, a team at Bradford University under Dr Keith Manchester is studying lepers' skeletons and the records of leper houses.

Leprosy, now called Hansen's disease, is related to tuberculosis (TB). Similar bacteria cause the two – the difference is in the pathology of the diseases. TB focusses on the lungs and leprosy on the skin. In Britain, both diseases have been known since Roman times. A skeleton of 400 AD at Poundbury in Dorset had leprous legs, and other early cases are from the 6th century in Gloucestershire and the 7th century in Cambridgeshire and the Scilly Isles. The pattern for TB is similar.

The earliest certain incidence of leprosy is in 2nd century BC Egypt. It has been claimed that India and China already had it, and that Alexander's army brought it westwards, but there is no hard evidence to support the argument.

Models of hunchbacks from 4th millennium BC Egypt probably represent the first people we can say had TB – a bent spine being one of the indicators. Not having the benefit of tuberculin-tested milk, they may have caught it from cattle. However, the earliest case of animal TB was not found in cattle but in an Indian elephant, before 2,000 BC. In Europe, TB among humans appeared around the same time.



A physician examines a leper: from a medieval manuscript

Society coped with leprosy by founding special hospitals (or lazar houses), the first in Beverley, Canterbury, Chatham and London in the 11th century. These isolated the lepers who were feared and loathed. These institutions could hardly promise a cure although they dispensed herbal mixtures, let blood to allow the disease to flow out of the body, and stopped the eating of fish (since rotten fish was thought to cause the disease). They also gave spiritual care.

Diagnosing leprosy to secure a person's admission to a lazar house was a curious business. One method was by dropping a raven's egg into a sample of the person's blood: if the egg hardened, he was leprous. Amazingly, whatever the tests, the results appear to be fairly accurate – to judge from the bones in a large leper hospital cemetery in Denmark. There, some 30 per cent could have had the disease in a way which had not yet reached the bones – or may have been staff without the disease – while the other 70 per cent were found to be leprous. The Bradford team is examining the bones from a cemetery in Chichester, the only leper cemetery dug in Britain.

Not all lepers were sent to lazar houses. Some were allowed to beg for alms, and leprous bones found in ordinary cemeteries mean that some were living among the public. There is no way of telling if they had been diagnosed as leprous before they died.

Many new leper houses were founded in the 12th century and yet more in the 13th, declining to a handful in the 15th and 16th centuries. The total of 271 gives an idea of how many lepers medieval Britain had. The hospitals were concentrated south of a north-south divide running from the Humber to the Severn. There were a few in Northumberland and lowland Scotland, opposite Scandinavia – which also had the disease badly. Foreign contacts clearly helped it spread.

Why leprosy started to decline after the 13th century is a mystery the Bradford team is looking at. Its demise has attracted odd theories that do not stand up: that the Black Death (bubonic plague) of 1381 killed off the bacteria; or the spread of syphilis did the same; or a drop in average temperature meant people wore more clothes and so there was less skin contact, and so on.

That leaves TB. As TB increased late in the Middle Ages, so leprosy seems to have declined. The most likely reason is the cross-immunity between the two diseases. But it needs much more peering at bones and documents to be sure of the epidemiology of the two diseases.

A view of the Gray's Inn gardens from Theobald's Road.

Let's hear it from the Prince

Gillian Darley on why Charles should speak out over Gray's Inn

IN 1680, 100 gentlemen of Gray's Inn marched on London's Red Lion Square and set upon a group of workmen there. It turned into quite a fracas; the workmen fought back but the gentlemen put them to flight and brought one or two hostages back to the inn for good measure. And what was it all about? The gentlemen were up in arms at the proposals of a Dr Nicholas Barbon to build all over Red Lion Square. The prospect of losing their amenities enraged them – and they won.

The incident has a certain irony, given the present plans of the contemporary gentlemen of Gray's Inn, one of the four Inns of Court – or legal societies – having exclusive rights to admit barristers to practise in England. Unlike the other inns, which tend to be secret spaces entered through archways or down alleys, Gray's Inn and its lovely terraced gardens – in the Holborn area of Bloomsbury, not far north of the Thames – have always been a public province to some extent. Although the gates are not open at all hours, the gardens are always on view through the railings along Theobald's Road.

Then again, they are the focus of an axis which runs north-south from John Street, which becomes Doughty Street, right down to Mecklenburgh Square – an echoing green space. It is a masterly composition, and one which the 18th century developers of this eastern part of Bloomsbury did not reach by accident. The Gray's Inn gardens were planned in the last years of the 16th century and were given added importance after the Great Fire of 1666, retained as open space while development went on all around. The Foundling Estate, developing its land 100 years later, recognised that and made the view of the gardens a key component in its urban plan.

This part of Bloomsbury was given blanket statutory protection by the old London County Council between 1959 and 1961 and, despite many challenges, it remains intact, a reminder of how the area looked before the University of London began to expand. It is one of the great examples of the juxtaposition of buildings and open ground, allowing each its space and setting. It is a consummate achievement, rivalled only by Dublin as a largely intact example of Georgian town planning.

The Honourable Benchers of Gray's Inn are not impressed by such a legacy. Nor did they sign an agreement, made by the other inns under an Act of 1931, not to build on their land. Having recently completed the construction of a ridiculously badly-detailed neo-Georgian extension to the Raymond Buildings, on the west side of Gray's Inn, proposals are now in hand to build two blocks running along Theobald's Road, with meagre apertures to remind the public of its loss. Theobald's Road would thereby become just another canyon of pounding traffic and the gardens, or what remained of them, a precinct as sealed as the rest of the inns.

Although superficially a marvellously intact Georgian townscape, Holborn and Bloomsbury are becoming, incrementally, denser all the time. Mews buildings are being heightened, back gardens of many of the fine houses now in commercial use are being infilled by lumpen extensions so that they become, albeit discreetly, office blocks in all but name. This makes the open spaces of the area doubly valuable. In the case of Gray's Inn, it is an historic landscape as well as a crucial element in a carefully articulated necklace of green spaces and built-up areas. Knock out one space and the rhythm is lost, the breathing space gone. I speak from the heart because I live as well as work in the area – seven days a week.

The proposals are especially worrying given that Gray's Inn is required only to consult the local planning authority, Camden, the power of decision resting with the Secretary of State. The planning application is due in the New Year but the architectural firm,, Robert Matthew, Johnson-Marshall, has been persuaded by its client to remain mute on any particulars of its design although this has been worked-up to model stage.

In many ways, the design and precise site of the new buildings is immaterial. Once these blocks, or terraces, appear along Theobald's Road, the broad vista will be gone, the gardens, will be amputated, and the Honourable Benchers of Gray's Inn will go down in history as Honorary Vandals.

That argument does not, for once, hinge on whether neo-Georgian- or glass curtain-walled structures would be more appropriate. This development is inappropriate as such.

The Benchers provide a luminous list of names; one might hope that some of them would recoil at the proposals and raise their voices wherever they might be raised most usefully. But, failing all other avenues of dissuasion, I would like to pin some hopes on the Bencher at the very top of the list; the Prince of Wales. If ever there was a cause crying for his attention, here it is.

O Jerusalem

Continued from Page I

But when the American media wants a more independent voice, one of the Jews to which it turns is Rabbi Arthur Herzberg, who teaches in Dartmouth College, New Hampshire, a committed Zionist with impeccable credentials and an impressive track record in American Jewish communal life. Herzberg has been one of the first and most articulate critics of Israel's occupation of the territories and its conduct there. When I mentioned his name to some of the communal leaders, they said Herzberg was out on a limb, representing no-one in American Jewry. He contests that.

Last year, an American writer named Edward Tivnan published a book called *The Lobby* in which he traced the development of AIPAC and described it as the most powerful lobby in America. Jewish leaders like to play this down. The idea that the "lobby" can manipulate senators and congressmen, they stress, is an insult to American democracy. But Tivnan lists a number of cases where congressmen who fell foul of AIPAC on matters concerning Israel lost out when next they ran for office.

AIPAC has come a long way since its creation in 1954. From a pure information service it has grown into a membership organisation that has taken the lead in Jewish affairs. Its annual budget is more than $6m. The staff of more than 70 are highly specialised. American political connections are close. Its responses to questions are guarded, though. "Our business is to stimulate political activity. We provide information to Jewish organisations," I was told.

To the Israeli political machine, the US diaspora is the only one which really matters. Politicians fly there regularly. It is before American Jewish audiences that Israeli prime ministers often make important political statements. But equally the prestige of American Jewish leaders depends on high connections in Israel, and therefore if they value their position they will think hard before stepping out of line.

In the recent Israeli election anti-Zionist, ultra-Orthodox rabbis in New York for the first time threw their weight behind Israel's religious bloc, on which the new government will now depend. What if Israel should change so fundamentally that its new nature could not be reconciled with the diaspora's vision? What if the common ground of Judaism and shared values so erodes that people like Podhoretz, not to mention lesser lovers of Zion, could no longer feel kinship with the Jewish state? What if Israel turns its back on the diaspora?

Few Jews in the diaspora can today contemplate such a scenario. But the distance is steadily growing between diaspora Jews and Israelis – among the young in particular.

Some 300,000 Israelis live in the US. A self-contained community, they have virtually no intercourse with American Jews and their institutions. Could that be the writing on the wall – as yet faint but ominous – for the future relationship between Israel and its diaspora?

☐ *Elon Salmon is an Israeli-born journalist and novelist.*

Shopping in the Gum department store, Moscow . . . queues, queues and more queues

It's tough at the trough

John Lloyd on the trials and tribulations of finding sausages and a good café in Moscow

THERE'S an old Russian saying: "When the going gets tough, the tough go shopping." That made me smile when first I heard it, but now it gives me a pain in the head. This is because I have had to shop in Moscow and that is too tough for smiles. And if it is too tough for a Western journalist with access to *beriozkas*, or hard currency stores, then it is very tough for the citizens of the Russian capital and explains a lot about their public gloom.

A snapshot of Moscow shopping: the Taganski *gastronom*, or food store, is in a "good" part of town, just next to the Marxistskaya metro (subway) station. It is also self-service, which means that you do not have to plod about like a Pavlovian mutt, joining the first queue to find the cost of what you want, a second queue to pay and get a slip, and a third to go back to the beginning again to collect it. So, you enter with a light heart.

There are a lot of dairy products – but then, dairy products are not a problem. There is also a lot of tinned fish, but there seems to be a tacit understanding that no-one buys tinned fish. No matter how impoverished the *gastronom*, tinned fish is prominent: there are window displays of tinned fish of some grandeur, flying buttresses of tinned fish resting on narrow, gothic columns.

At the back of the store was a crush of people round a refrigerator. It was empty, but the wall against which it stood had a sliding window, behind which five big women in white overalls were stuffing grey and rubbery sausages (*kolbassi*) into plastic bags. They were put into a box; when that was about half full, one woman would reach through the opened window and empty it into the fridge. The crush of people then thrashed and grabbed for the *kolbassi*. The women behind the window could not help but look smug and authoritarian; the scrum looked *like animals at a* trough.

It does not seem much better anywhere else – although Moscow, unlike most capitals, is quite often worse served for food than other parts. Westerners are voyeurs in this matter. Muscovites have to do it; and although they have the advantages of knowing the wrinkles, they still hate it.

The Soviet trade unions, afraid of being thought to be lagging behind the radicalism of perestroika, have seconded 9,000 of their members to act as "inspectors"; they march into shops and demand to see if the staff are holding back "deficit" goods to sell under the counter at a higher price. They have encountered tonnes of sugar and meat in back rooms. The culprits are stripped of trade union benefits, which can be serious in a society where these may include holidays and even flats.

In the past month the Soviet leadership, faced with a deterioration in the availability of many commodities, especially meat, has decreed an improvement in the supply of food and other consumer goods. Mikhail Gorbachev has accepted that perestroika hangs by the thread of Soviet shoppers' satisfaction: thus, the *kolbassi* trough at the Taganski store has a profound political resonance.

Efforts are being made to improve matters. Last month, the Moscow trade organisation, Glavtorg, held an "auction" at which it offered more than 80 shops on long leases to individuals, families or groups. The meeting was addressed by a Mr Smirnov, who had taken over a bread shop, quadrupled turnover and (he said) was now a famous and respected man in the neighbourhood. In spite of this, only a little over half of the shops went – because, I was told later, the event was not advertised sufficiently.

Still, the bureaucracy seems prepared to loosen its grip on Soviet shops (which might not be a wholly unmixed blessing). Svetlana Kuznetsova is head of Glavtorg's labour division. She says that Glavtorg, on its own initiative, leased a few shops at first, then more. It is sticking to smaller shops at present but is soon to pass over to bigger ones. She believes the experiment is working terribly well: Smirnov, for example, has pushed up his bread shop's turnover from 26,000 roubles (£24,060) a month to more than 70,000 roubles.

Much of the reason for her pleasure is the effect it is having on shop-workers. Most of the leased shops have at least halved their staffs; and the mere fact of leasing a shop concentrates previously dull minds. She tells the staff that if they do not mend their ways, the new lessees will not hire them. Ultimately, they won't be able to find a job in a shop at all. In one shop, now up for lease, the staff did not believe it – until the group which was offered the lease came to the store with big plans to cut staff. Roused, they have bid for the lease themselves.

Lessees inherit certain obligations. They must pay back loans to repair or decorate the premises and instal new equipment; and they must guarantee to sell state goods at the controlled state prices. However, they can charge what they like for goods from peasant plots or from co-ops.

Kuznetsova would like to go back to the old times when shops were called by the names of the "owner" rather than, as they mostly are now, by numbers such as "*Gastronom* No. 68." (Actually, *Gastronom* No 1 on Gorky Street, Moscow's most famous and oldest established food shop, is known – unofficially – as Yeliseev's, after its old owner. It is also famous because its former manager, Yuri Sokolov, a friend of the Brezhnev family, was arrested one day before Brezhnev died in November 1982 and executed seven months later for "crimes against the economy".

She admits, though, that she talks only of drops in the bucket: of Moscow's 5,800 shops, only 18 are leased, with a further 30 agreed but not yet under new management. One of these lease pioneers is the family Yeskin, which runs a fancy bread shop-cum-café on the Arbat, Moscow's trendiest street. The matriarch, Antonina, had the idea of taking over the lease when the first few were being let earlier this year. She put the notion to her son, Vladislav, and her daughter-in-law, Galina, both computer programmers. They agreed. Vladislav says he fancied "the independence and a job in which you could solve your own problems – as well as the material benefits." They have cut staff from 14 to five, put in a coffee machine and little tables, and introduced new lines such as cakes.

Vladislav has done some basic market research and says: "The Arbat is a pedestrian precinct: after five in the evening, people come here to relax and will want a cup of coffee." Elementary, you would think – although the Arbat, which attracts a lot of foreign tourists, is undercaféd by Western standards. Yeskin's is a godsend, especially since the coffee is good and smells delicious as well as being warm in the chilly weather. The family puts in 12-hour days but has trouble securing supplies. It has made and broken one contract with a co-operative bakery (because of price) and is about to make another; otherwise, it depends on the state suppliers. Turnover is up, though, and will rise further. Vladislav plans to increase the staff and add ice-cream to his lines.

The shop had a state plan turnover of 36,000 roubles a month but the family has taken on a target of 45,000 roubles, after which it goes into profit and can keep a certain proportion of every extra 1,000 roubles made. They are a little cork of service on an ocean of provision, along with Smirnov's bread shop and a few others.

One of the duties with which all are charged is "raising the culture of service" in their leased establishments. The Yeskins seem to have done that (on their own *account, to be sure*). But they scratch a tough surface. When white-clad women can toss a few bundles of bad sausages at an elbowing crowd; when you want to buy more than they want to sell; and when there is not enough to sell because not enough is grown or raised or processed to create a socialism of plenty – then you have a socialism of queues and privileges and corruption and shopping remains really tough and perestroika at risk.

Cookery

Tasty walk on the wild side

IN PURSUIT of the romantic and supremely delicious wild rice story, I visited Ontario in Canada. Wild rice is, of course, not really a rice at all. It is the sleek, dark, gramophone-needle-like seed of a tall aquatic grass native to the shallow lakeshore waters of Ontario, Manitoba, Saskatchewan, Minnesota and Wisconsin.

Wild rice is an ancient and basic food. Like olive oil, wine and bread, it has timeless appeal. For centuries it was a staple food of the Indians and later was taken up by pioneer settlers. Now, it is sought-after eagerly by chefs and gourmets the world over. The Indians call it manomin, meaning wild berries. In foodie circles, it is nicknamed the caviar of grains.

Wild rice certainly seems to have everything going for it. It is exquisitely good to eat, with its delicate nutty taste and deliciously springy texture. It is healthy and wholesome, a good source of vitamins, low in fat and much higher in protein than most other grains. On top of all that, wild rice from the Shoal Lake area of Ontario is a totally natural, organically grown product as near ecologically perfect as any crop can be. Neither fertilisers nor pesticides are used in growing it.

A few younger Indians are beginning to use mechanised harvesters, small flat-bottomed boats with cow-catcher hoppers in front, powered by snow-mobile engines or perhaps by small aeroplane engines. But most of the harvesting is done as it has been for centuries, by canoe, with one person paddling and another bending the tall grassy stalks over the boat and beating the seed heads into it.

The way the grain is prepared for eating also remains much the same as it has for the past several hundred years. First it is air-dried for a few days to reduce its high moisture content a little. Traditionally, the Indians spread it on animal skins; now it is raked and turned on concrete floors in factory sheds.

After curing, Indian families roasted the grain in pots and pans over open fires, cooking it until it turned as black as liquorice all through and developed its characteristic nutty aroma. Then, they danced on the grain to help separate the seed from the chaff. Today, it is roasted in large batches in rotating oven drums, winnowed, hulled and graded by size.

Only premium quality plump and perfect grains are packaged and sold under the Shoal Lake Wild Rice label. But none is wasted. The small and broken kernels are sent to the US for use in industrial mixes. The husks go to appreciative gardeners who spread it on flower and vegetable beds as a weed suppressant, then dig it in to feed and aerate the soil.

The potential of the crop is only just beginning to be realised but the future for wild rice looks rosy as research and development programmes prepare to meet the challenge of a growing world appetite. In Ontario, they are trying to increase yields by seeding wild rice in new areas. Already, a few small lakes have been planted with seed harvested from neighbouring waters – and thousands more lakes are suitable for development in the same way.

In the US they are trying to tame the grain, developing new hybrid varieties with non-shattering seed heads and greater tolerance of varying water levels and weather conditions. In fact, much of the wild rice there is no longer truly wild. It is cultivated, farmed in paddy fields, planted out annually, nursed and fed during the growing season, then culled by draining the fields and moving in mechanical harvesters.

It is very important, of course, that during this process of industrialisation the quality of the product is not compromised. California is the newest and most industrious recruit to wild rice farming, increasing the world's supply of the grain dramatically and bringing down the price.

I have heard it whispered by those whose discerning taste buds appreciate every minute nuance that cultivated wild rice is not quite so good to eat as the real thing. I can say only that I have loved every mouthful of wild rice I have ever eaten.

The fact that wild rice is no longer so rare and expensive has made it possible for brand leader giants of the rice world, such as Uncle Ben, to add brown-and-wild-rice mixes to their range. Just the other day, I noticed a new development: the arrival of wild rice plain and simple on the shelves of Waitrose and Sainsbury: 6oz packets of American wild rice priced at just under £2.

Wild wild rice from Ontario is not yet available on the retail market in Britain but (watch this space) it won't be long. Just as more shoppers over the past decade have sought out extra virgin oils, and good shopkeepers have responded by offering greater choice, so wild wild rice could catch on next.

Next week: Cooking with wild rice.

Philippa Davenport

Harvesting wild rice in Canada

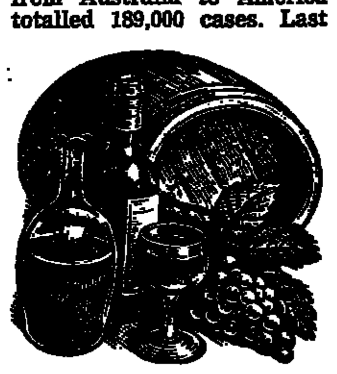
Wine

Coming up from Down Under

IN THE ever-changing wine world, one of the most surprising developments has been the upsurge in demand for Australian table wines in the northern hemisphere.

Australians themselves, renowned for their beer capacity, have taken to wine in a big way; their per capita consumption of 22 litres – double the British total – is the largest in the English-speaking world. But Britain last year imported 535,000 cases, including 497,000 of table wine.

Australian shipments to the US also have grown rapidly. Demand there was very small until 1986, but the fall in the dollar made many European wines expensive and exports from Australia to America totalled 189,000 cases. Last



year, they reached 548,000. In both Britain and the US, the preference is for white over red.

There is, in fact, some competition between the wines of the US and Australia. Last month, the *Which? Wine Guide* (published by the Consumers Association) held a six-member team tasting of 15 Chardonnays each from Australia and California.

The Australians won hands down, with three wines alone in the top class: Wynn's Coonawarra '86, Saltram Mamre Brook '85 and Orlando St Hilary '85. The top Californian, Mark West Sonoma '81, came only sixth and the next, Stag's Leap Reserve Napa '86, was voted 11th.

Famous California estate Chardonnays such as Mondavi, Matanzas Creek and Trefethen were well down the 30-wine list and the bottles of two esteemed wineries, Joseph Phelps and Saintsbury, were faulty. I was surprised by this result because California Chardonnays often have more style and finesse.

The company most responsible for the growing popularity of Australian wines in Britain is Oddbins. Among others that have taken a more than average interest in Australian wines are such importers and wholesalers as Geoffrey Roberts Associates of 7 Ariel Way, London W12; Alexander Findlater of 77 Abbey Road, St John's Wood, London NW8, which publishes a 40-page list of them; Lay & Wheeler, 6 Culver Street West, Colchester, Essex; Adnams, The Crown, Southwold, Suffolk; Bibendum, 113 Regent's Park Road, London NW3; and La Vigneronne, 105 Old Brompton Road, London SW7.

Majestic Warehouses, with its head office in Albion Wharf, Hester Road, London SW11, also has a big list of these wines.

Recently, Geoffrey Roberts, the first company to import and wholesale Australian wines on any scale, held a tasting of the wines of five leading estates; following are my notes on some that appealed most to me. (Roberts' retail shops – The Winery, 4 Clifton Road, London W9 and Les Amis du Vin, 51 *Chiltern Street, London* W1 – stock *all* these wines. Other addresses are given only when not already listed above, and the price per bottle quoted is a general average).

Petaluma, 2,000 ft up on the Adelaide Hills and started only in 1978 by Brian Croser, is probably the most esteemed wine estate in Australia although, as often happens in California, the grapes are brought in from such districts as Coonawarra, more than 200 miles south of Adelaide. The '85 Coonawarra, (70 per cent Cabernet-Sauvignon, 30 per cent Merlot) with excellent colour and fruity, drinkable flavour, was surprisingly forward (£9.50 – Findlater, Harrods, La Vigneronne) while the '79 (mostly Shiraz) had more rounded flavour and style: a very attractive wine (£12.25 from the same companies).

However, Petaluma is known best for its Chardonnays. Croser showed his '86, which has a rich, oaky nose and long flavour, and his '85, which is *more developed on nose and* flavour but with perhaps less character (£10.50 each, over Majestic).

Another excellent Chardonnay was the Katnook Coonawarra '87: still very oaky but a big wine with strong flavour (£9.50, Wine Cellars, 155 Wandsworth High Street, London SW18). Katnook also produces a very attractive Sauvignon Blanc '87, a fresh wine with a touch of sweetness on the nose and taste (£8.99 La Reserve, 56 Walton Street, London SW3).

These are expensive by Australian standards but the wines of Yalumba, founded in the Barossa Valley in the mid-19th century, are much cheaper: for example, the crisp, fresh, typical Sauvignon Blanc '85 (£4.50 Adnams); the Semillon-Chardonnay '87 with much more depth of flavour (£4.50); and the Chardonnay Signature '87, with a full, oaky, clovey aroma and flavour (£6.99).

Although the Hunter River Valley of New South Wales does not have the pre-eminence of 20 years ago, the well-designed Rothbury estate has maintained its reputation; and here the Semillon Chardonnay '87 combined freshness with full body and a little lively spritz (£4. Haynes, Hanson & *Clark*, 17 *Lettuce Street*, London SW6).

Its Brokenback Vineyard Chardonnay '87, a much bigger wine, had a bouquet that came out of the glass and a powerful flavour (£5.34, Lay & Wheeler, Majestic, La Vigneronne). Then, the Barossa Pewsey Vale Vineyard had a very agreeable, easy-to-drink Rhine Riesling with a real Riesling flavour (£4.49-£5.50 Berry Bros & Rudd, Alexander Findlater, Fortnum & Mason).

The only Victoria state vineyard in the tasting was Bannockburn of Geelong, with a particularly big, deep-flavoured and long-tasting Chardonnay '86 (£7.55).

These are only a few examples. The best way to get acquainted with them is to ask for a selected case from those outlets with a good choice. For example, Alexander Findlater will provide 12 Chardonnays for £60 or other varieties for a stated price. So would Lay & Wheeler, a comprehensive retailer of Australian wine.

Edmund Penning-Rowsell

Food for Thought

Thinking small

HAVING GOOD food nowadays is less a matter of being a good cook than of knowing where to shop. I, for one, am very pleased at the way the supermarket chains, aware of the need to meet every kind of shopper, have written a lot of what used to be "gourmet items" into their inventories.

Because a supermarket has a standard mark-up based on bread and potatoes and baked beans, its prices for virgin olive oil and sun-dried tomatoes often are encouragingly low. But still you get those times when you need something extra-special and you need a shop that will understand your requirements.

There was a time when Fortnum & Mason in Piccadilly filled this particular slot but, good though it is, it now depends increasingly on tins and jars. This is fine for your caviar or Lapsang Souchong or Carlsbad plums but I wouldn't go there any more for what you might call real food.

There is always Harrods, but a shop that prides itself on having absolutely everything cannot be especially good at anything in particular (although its butcher wouldn't agree). And so, like it or not, up spring little food boutiques which depend entirely on the discrimination and good sense of one buyer. They usually make you wring your hands because, of course, they don't have bacon or cream or peanuts or bananas – those essentials that make a trip worthwhile.

Recently, one such shop, called Villandry, opened in Marylebone, near Oxford Street in central London. I went into it – it looks like the kind of private club you are never invited to enter – not so much a shop as a shrine. An evidently French man came up and sold me some Sassenage cheese, which was a good start. I asked him what the shop expected to specialise in – an innocent enough question. He told me French cheese from Ollivier in Boulogne, British cheese from Neals Yard, wines from Paris (only just arriving), some delicatessen items – ham and sausage and so on – as well as the jam and tea that Fortnum probably covers as well.

So, it's not quite one-stop shopping round at Villandry – no Fairy Liquid or Marmite there but quite definitely a range of well-chosen things and a good source of well brought-up French cheese, looked-after properly. London doesn't have enough places able to claim that.

I shall certainly shop there and I hope that the day doesn't come when it is forced to decide that the only way to make the place pay is to have a sandwich bar or (please not) a wine bar. So often, such well-meaning enterprises yield to these urgent commercial pressures and bingo! Nobody notices the state of the cheese any more.

I like Villandry's chilly French persona; it belongs in Paris rather than London. Next time you are passing down Marylebone High Street, you would do well to look for its austere facade. At present, the window display consists of a lot of autumn leaves in the French manner. But only an idiot puts good cheese in the window.

Peter Lewis

Lucia van der Post on a weekend break in the US, furniture from Laura Ashley, a new men's outfitter and seasonal fairs

Taking tea in beautiful Boston

EVERYBODY has heard of the glories of summers on Cape Cod and the colours of the New England autumn but the quieter, more private pleasures of Boston in the winter have long been a well-kept secret.

It may (no, almost certainly will) be cold but with the tourists gone Boston regains its dignity and becomes more truly itself. It may seem a long way to go, but with the dollar still looking sickly and transatlantic air fares a focus of hot competition, a long week-end in Boston becomes a real possibility and not just an idle dream.

Northwest Airlines will fly you there and back over the weekend for just £299 while TWA sells a package which includes flights and either two or three nights at the Boston Park Plaza hotel for £299 and £369 respectively.* I can hardly think of a more interesting way to combine Christmas shopping with a new experience, fine food, and many beautiful galleries and museums.

First things first. Do NOT rent a car. Boston is grossly overcrowded with cars; 180,000 people commute into the city daily and there are only 12,000 legal parking places. But the good news is that Boston is a smallish city and you can do as I did and walk almost everywhere. If you must get from one end of town to the other in a hurry, or if you run into rain, then there are plenty of taxis.

If you've never been to Boston, you should do two things first to get yourself orientated. Take a trolley car tour of the city — they cost about $8, you can get on and off at all sorts of stops along the way (including the site of the Boston Tea Party), they give you a splendid idea of the city's layout and the guides are usually young and keen to tell you as much as they can. The other thing well worth doing is to take the lift to the top of the famed Hancock building, which does for Boston what the Empire State does for New York — that is, gives you an awesomely overall view of how and where it lies.

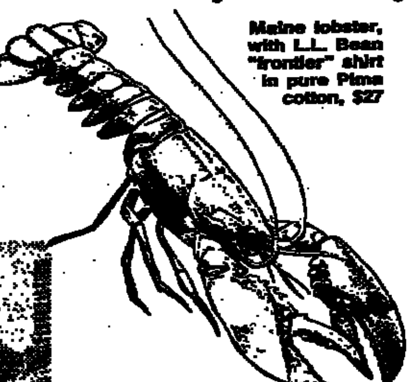
A long weekend is scarcely enough time to sample all that Boston has to offer so you will have to make choices. Shoppers will probably want to head for Quincy Market/Faneuil Hall Marketplace which could be said to be to Boston what Covent Garden is to London. Certainly it is a must, although not without its drawbacks. Architecturally it is fine, but it is overcrowded (some 25m people a year are said to find their way there) and many of the shops specialise in the kind of tat that you could find without crossing the ocean.

However, it does have an air of great vitality; there is street theatre, you can eat anything from Tex/Mex fast food to fine Italian pasta, and I did find a few shops that weren't selling T-shirts and mugs. For information and a map of who sells what and where, go to the Rotunda in the centre of Quincy Market, where there is an information booth.

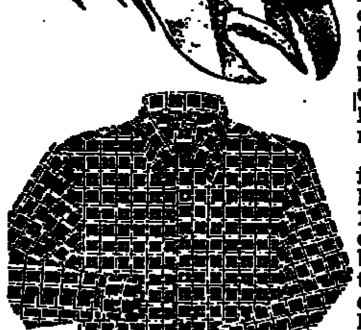
Misty Mountain Wildlife Gallery at 353-5 North Market Building has a wonderful collection of genuinely old decoy ducks with prices from $150 to $10,000, depending upon the rarity and the fame of the carver. Because supplies of the genuinely old models are finite, it also sells newly carved ducks and other birds — some of them very fine — from $140.

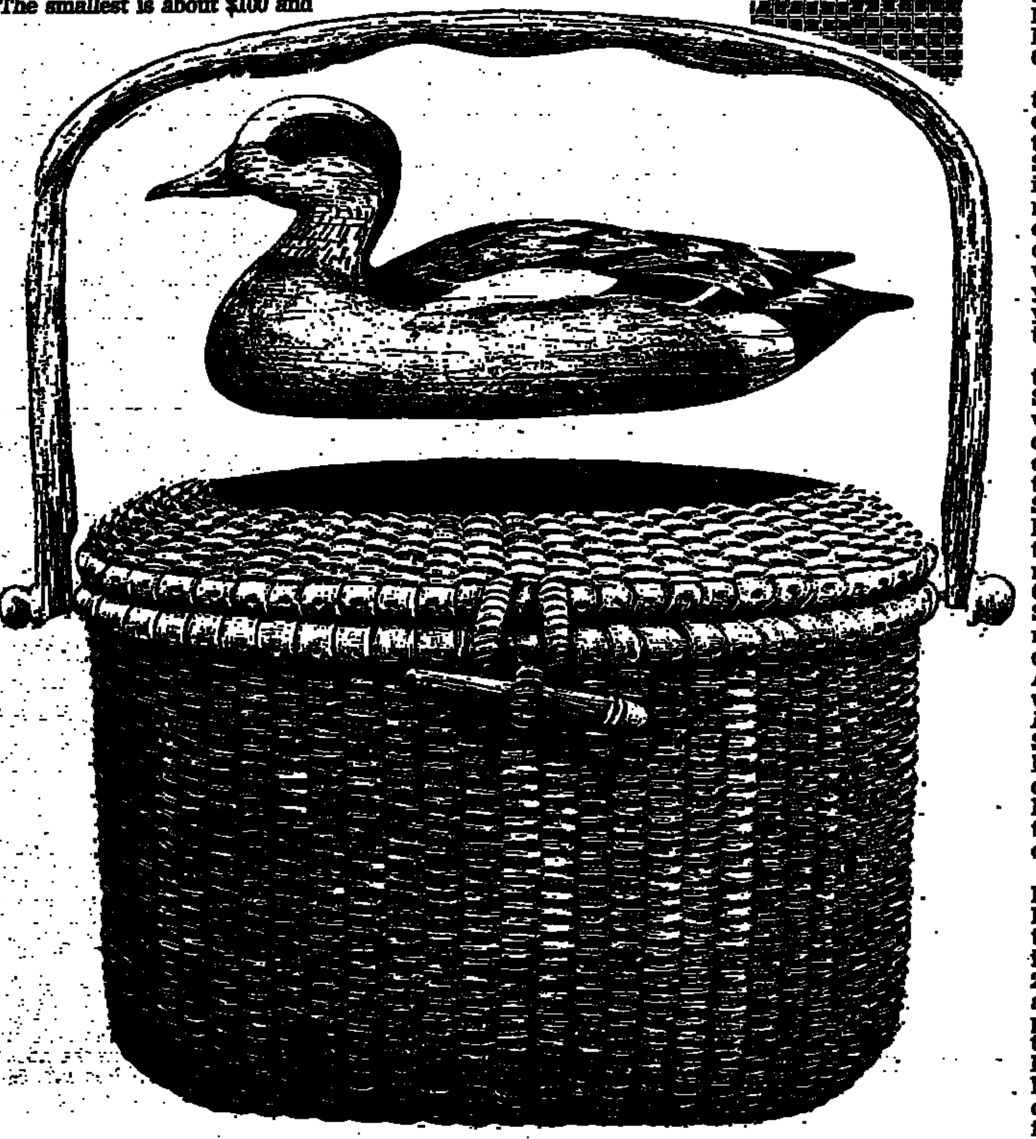
Boston Scrimshanders at 175 G Faneuil Hall Marketplace sells scrimshaw, an old-established New England speciality started in the early 1700s by American whalers. Here, the owner does his own carving on what he assures me is only officially culled whale and ivory bone.

Much more beautiful and truly desirable, in my view, are the Nantucket Baskets. Where or who began the art nobody seems quite to know — could it be an Indian from some forgotten tribe, or maybe a whaler killing time on a lonely ocean voyage? — but these days only some 20 basket-makers are left. Made from oak, brass, silver, exotic woods and ivory (for the pin and knobs — again only culled ivory is allowed), they are these days priced like the heirlooms they have become. The smallest is about $100 and



Maine lobster, with L.L. Bean "frontier" shirt in pure Pima cotton, $27





the classic regular basket is $250.

On the Street level in the North Market Building is Four Winds, which specialises in modern ceramics and knitwear from Nantucket. This is really fine quality stuff and the knitwear seems to encapsulate windy New England beach life.

If the weather is terrible, you might want to head for one of the city's covered shopping malls, such as Copley Place. Although it looks awfully new and glitzy, and my personal taste tends to run to the small and out of the way, it has to be admitted that it has been done beautifully and you can spend the entire day there without having to brave the weather outside.

Besides the big names such as Yves St Laurent, Neiman-Marcus *et al*, there are some charming smaller shops to look out for. Stoddard's specialises in beautiful knives of every sort, from hunting knives to custom-made pocket knives. The Bowler Company does the preppie look *par excellence* — all rugged shirts, exquisite cable-knit sweaters, everything you could want for a summer on the Cape.

More proper New England sports and sporting gear is to be found at Brookstone, while the Artful Hand Gallery sells mostly hand-made new arts and crafts — there were some particularly desirable hand-blown clear glass and gold champagne glasses at $60 each when I was there.

Nearby is the most charming shopping street in Boston — Newbury Street. Here — if fine — you can browse happily for hours. A fine residential district, lined with charming 19th century houses, the shops along the street are tucked into basements and on ground and first floors. This is the place for small boutique-browsing at every price level, for offbeat jewellery, arts and crafts, contemporary art, for a good haircut (there are something like 30 hairdressers in Newbury Street alone), and for fine food (don't miss the fresh pasta and charcoal grilled delicacies at Caio Bella).

It's hard to pick out individual shops but I liked Wenham Cross Antiques (antiques in Boston are hard to find), which had a good selection of antique quilts, including a fine Amish quilt from Pennsylvania. La Ruche, run by a daughter of the famous decorator Sister Parrish, is filled with "pretties" of every sort, from hand-painted baskets to candlesticks, glasses, cache-pots and what are known in the trade as "decorative accessories."

Plan your tour of Newbury Street so that you end up at the park end of the street, where you can revive yourself with an elegant tea at the Ritz-Carlton. Tea at the Ritz-Carlton is a Bostonian institution and not to be missed.

Boston itself is not a great hunting ground for indigenous American folk art. Your best bet is to head for Charles Street, one of the oldest shopping streets in the US, where there are plenty of antique shops, although most of them are filled with European antiques. Most interesting to those wanting New England artefacts is probably Samuel Lowell, specialists in Bostonian art, pictures, scrimshaw and so on.

Filene's Basement is a great Boston institution — a separately run enterprise in the basement of Filene's department store in downtown Boston. Filene's Basement is where you go for bargain-hunting on an epic scale; what Boston expert Susan Berk calls "barely controlled madness." You should be there as soon as the store opens because the scrums later in the morning are of an equally epic nature.

Many a Bostonian is dressed head to foot in Filene's bargains; from men's suits to evening dresses, from track suits to sneakers, everything is cut-price, either ends of lines, designers' over-production or what the smart stores didn't sell. There are no changing rooms but Bostonians are quite used to trying everything on in public. In the evening dress department, there were jolly Boston matrons trying on improbable numbers in quilted shocking pink satin with gilt buttons with great *joie de vivre* and a total lack of inhibition that leaves we British gasping. But never mind — that leaves all the more sober numbers for you and me. The day I was there there were particularly good buys for men — things like Brooks Brothers' shirts, Polo Ralph Lauren shirts (Polo shirts at just $30), Bjorn Borg sportswear and the like. Remember to take measurements with you.

After Filene's you will probably feel quite "shopped out," so make for some of the Boston sights. Don't miss the beautiful Louisburg Square, one of the most exclusive addresses in North America, and owned entirely, from the bricks and mortar to the pavements outside, by the residents. Take in at least one of the museums — the Isabella Stewart Gardner Museum or the Museum of Fine Arts on Huntingdon Avenue, which has some fine early American furniture and paintings.

OUT OF BOSTON

Lots of well-organised bus tours will take you all round New England. You can head south to the Plimoth Plantation — well worth visiting for an amazingly authentic recreation of the village started by the first settlers. All the villagers speak in the dialect of the time, are clothed as they would have been, and even the plants and the animals (several breeds of which have been back-bred) are exactly what you would have found had you been there.

I had hoped to go hunting for some genuine pieces of old Americana, particularly quilts, Shaker furniture, weather-vanes and other decorative pieces of folk art, but Boston is rather short on these. If you have similar ideas, you'll have to stay longer and head out of Boston to villages such as Essex, about 45 minutes north of Salem, where, they tell me, there are some 25 or 30 shops dealing in Americana. Sturbridge Village, Nantucket and Cape Cod are still, I'm told, filled with small shops filled with real old folk art.

Hitchcock chairs, in the identical style made famous by Lambert Hitchcock in the early 1800s, are a New England speciality still being made today by craftsman working in the traditional ways. If you can contemplate crating chairs home, they can be bought from Hitchcock Chair Factory stores, of which there are 10 spread over New England. In Massachussetts there is one on Route 1, Danvers (tel 617-774-2555).

It's impossible to visit Boston without becoming interested in the household furniture and artefacts of the Shakers. Of great beauty, quality and simplicity, they were made by the Shakers for their own use, guided by the words of Mother Ann: "Do all your work as though you had 1,000 years to live, and as though you were going to die tomorrow."

Not much is on view in Boston itself, but if the Hancock Shaker Village is open for viewing (check before setting out), do try and go. Fine modern work in the Shaker tradition is on sale in the Museum Shop, although none of it is low-priced. Look out for quilts, traditional Maine baskets, furniture, weaving and the like. Once the home of an active Shaker community it is now a museum village, but it really does tell the story of the sect. An excellent new book will whet the appetite — *Shaker Life, Work, and Art* by June Sprigg and David Larkin (published by Cassell, £25) is produced finely, with calm and lovely photographs that seem to encapsulate the Shaker way of life.

If you're going up into Maine, don't miss out on L. L. Bean, an American institution to be found in Freeport, still in its original building. It is open 24 hours a day, 365 days a year, and you can order by telephone at any time (for customer service, tel. 800-341-4341). It grew famous by selling the kind of serviceable frontier clothes that Americans like to feel they still need, although its latest catalogue seems to show that modern synthetics have made quite an inroad on its latest lines. It is still a good source, though, of those Manhattan status symbols: rugger shirts, polo-neck sweaters, boating moccasins, fishermen's sweaters and the L. L. Bean boot.

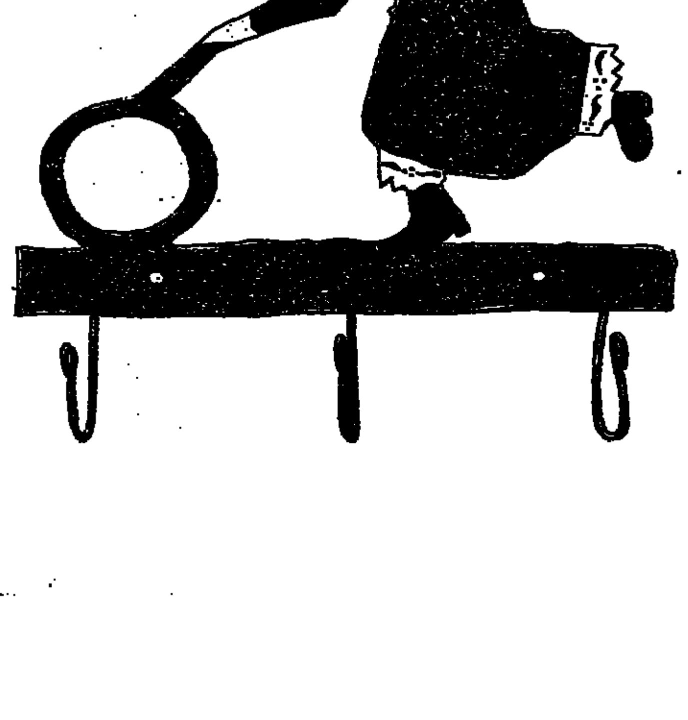
When the time comes to leave, much the nicest (and shortest) way to head for the airport is to go to Rowes Wharf, just beside the Bay Harbor Hotel, and catch the water-shuttle to cross the harbour by boat. It costs just $6, takes only 10 minutes and you miss all the traffic.

WHERE TO STAY

The Bostonian Hotel is positioned beautifully just by Faneuil Hall market. It has one of the best restaurants in America and a great deal of charm besides — but it's not cheap.

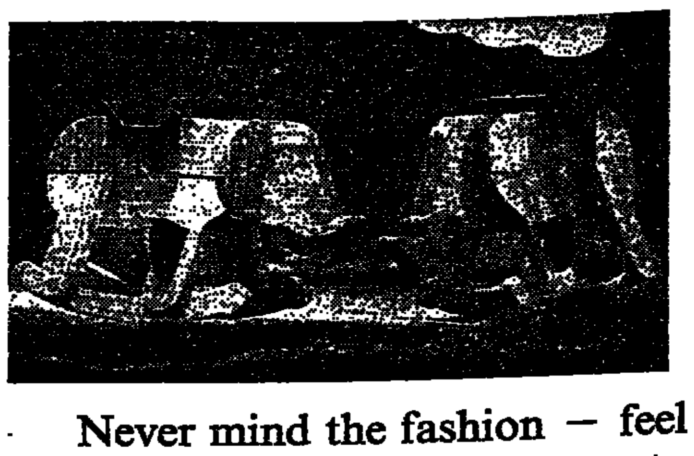
Susan Berk runs specialised and personalised tours of Boston. As a result of all the knowledge she has gleaned of the city, she and co-author Jill Bloom have produced a splendidly lively and informative book which tells you exactly what you really want to know. *Uncommon Boston*, published by Addison-Wesley, £4.95 from most good bookshops or direct from the publisher, tel Wokingham 0734-794-000.

** These special prices do not apply over the immediate Christmas period. Northwest Airlines' return flight fare goes up to £426 from December 16 to 26, while TWA starts charging Christmas rates (£447 return) from December 12 and reverts to the special prices on January 4.*



New England wrought iron hookrack, one of a series between £15 and £20 at The Conran Shop, 81 Fulham Road, London SW3

Showtime for happy families



IF YOU have young children and would like to start Christmas shopping this weekend, then the Mother & Child show is on today and tomorrow, from 10 am to 6 pm at Sandown Exhibition Centre, Esher, Surrey. Most of the exhibits are things such as toys, baby and children's wear, handcrafted quilts, and designer clothes and nursery furniture. Pictured here is a rocking elephant from the Traditional Childhood stand, £100 at the exhibition or £120 by mail from Traditional Childhood, Newport Farm, North Carlton, Lincoln LN12 2RR (tel. 0522-73562). Show admission is £2 adults, 50p under-10s.

Never mind the fashion — feel the tradition

JUST opened last week — a new and glorious gentlemen's store in Covent Garden. A result of the new partnership between Hackett, of Eel Brook Common fame, and Moss Bros, it is a truly splendid addition to the men's clothing scene.

Situated in a marvellous space diagonally opposite the old Moss Bros in Covent Garden (now in Regent Street) at 27 King Street, London WC2, the new Moss Bros/Hackett will be a traditionalist's dream.

The by now well-established formula of unfashionable but beautifully-made traditional clothing will be on sale (second-hand clothing, which is where the Hackett story all began, has long since gone), but there will also be a fine tailoring department (with skilled tailors from the old Moss Bros), a traditional barber's shop and a new sportswear section with everything the huntin', shootin', fishin' and ski-in' chap could ask for.

Ski-wear will, predictably, not be all flash and dash but rather pared-down and sensible — as sensible skiers would wish. Equine sports, especially polo, are clearly all the rage these days — besides the jodhpurs and hacking jacket, hunting types will be able to order new, craftsman-made saddles.

The essence of the exercise is that a chap whose tastes run towards traditional quality can go shopping here and KNOW that there will not be a jarring note. If you like the style, you'll like it all — a great comfort to those whose taste is less than certain. The Hackett operation is a classic example of the "one pair of eyes" philosophy, which is what gives it its great air of cohesion. Everything belongs — it's all of a piece.

If you aren't in the market for a bespoke suit or a handsome Shetland sweater, the Hackett barber's line of gentleman's accoutrements is a less costly example of the Hackett style. Beautifully and packaged simply, all is exactly *comme il faut* — just how a gentleman would like to start the day.

Furniture with Utopian virtues

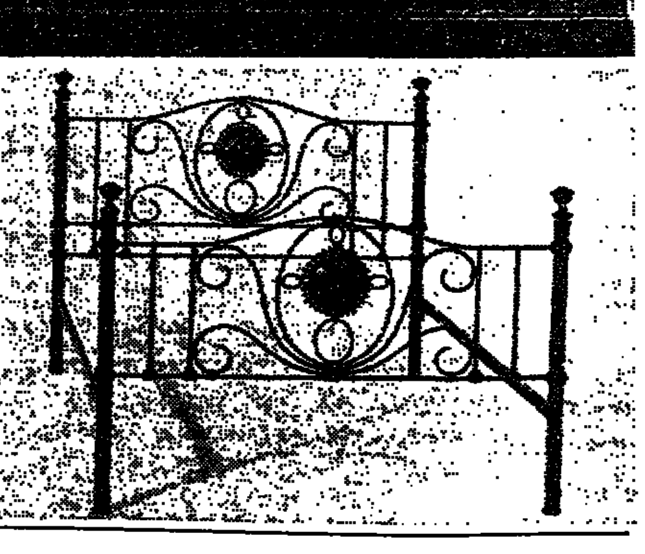
ANYBODY who likes the Laura Ashley style will have admired the window-sets and carefully-styled roomsets in the books and catalogues — perfect evocations of a long-lost rural Utopia, with the iron bedstead or antique washstand placed just so, the flowery wallpaper and soft furnishings complementing the scene perfectly. If the only thing missing from your own private evocation of this rustic scene has been the furniture, Laura Ashley is about to help you put it right.

Come next February it is launching its own range of furniture, plus a host of the sort of accessories that enhance the Laura Ashley style. As you would expect, none of it is in what could be called a modern, let alone a minimalist or avant-garde, mode — all is based on tried and tested designs from times gone by. But it works, I think, because it is consistent and true to a vision of its own. I think it will answer many people's furnishing needs.

There will be Edwardian kitchen furniture, oak dining furniture, decorated walnut furniture, oak bedroom furniture, upholstered furniture and lots of accessories.

The really good news is that when it is launched next February, there will be a fine and informative catalogue from which it can be ordered by mail. Cabinet furniture will, they say, be delivered in two to three weeks; upholstery, where a choice of fabric is allowed, will take longer.

To coincide with the launch, about nine Laura Ashley home shops will stock and sell most of the range, with the branch at 7—9 Harriet Street, SW1, being the London flagship. Pictured right are two pieces: the dresser is made from oak and comes in two pieces - the glass door-fronted top is £495, the base £695. The Valencia bedstead, inspired by Victorian iron beds, is hand-painted in green or cream and comes in 3ft, 4ft 6in or 5ft sizes. The 4ft 6in size is £495 for the frame.



Crafty ideas for Christmas

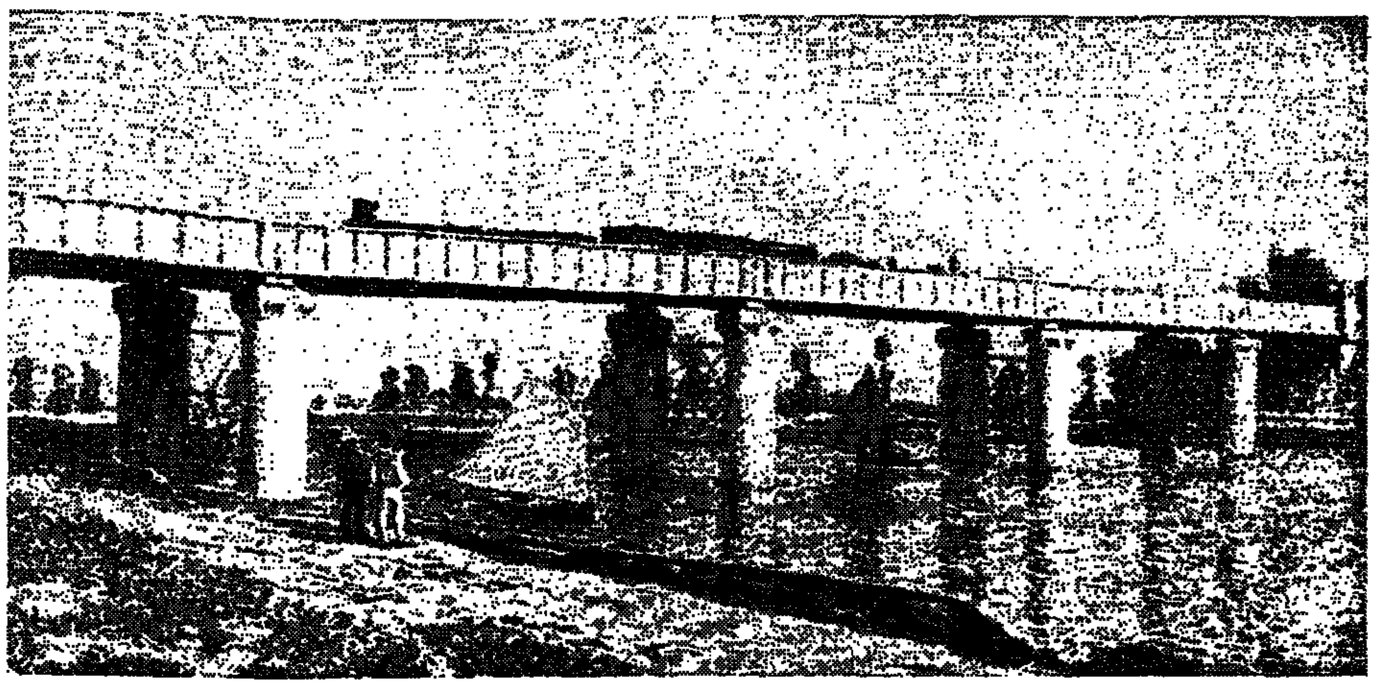
I KNOW from experience that many readers like to do their Christmas shopping at some of the local crafts and charity fairs that sprout up in halls and schools at this time of year.

A favourite with west Londoners is the annual crafts fair held in aid of the Richmond Fellowship for Community Health. The fellowship, as well as being a splendid organisation providing a network of help for adults and children who are disturbed emotionally, also provides you with the chance to buy presents that are rather more personal and individual than the usual glossy, store-bought variety.

This year's fair will be held at 8 Addison Road, London W14, a fine old Edwardian house built originally by Halsey Ricardo for Sir Ernest Debenham (look out while you are there for the tiles, which were done by William de Morgan, and a mosaic dome designed by Gaetano Meo), on December 3 and 4 from 11 am to 5 pm.

Admission is £2.50 (£1 for children, students, the unwaged and OAPs) and there will be lots to choose from — pottery, quilting, lithographs, prints, jewellery, toys, knitwear and glass are just some of the crafts that might answer a few of your Christmas needs.

ARTS



Another high price expected: Monet's 'Le Pont du Chemin de Fer a Argenteuil' to be sold at Christie's on Monday

SALEROOM

Picasso holds the key

***Antony Thorncroft** reports on the Impressionist sales next week*

CHRISTIE'S telephone system blew up on Wednesday afternoon. If such a tragedy reoccurs on Monday night the auction house will be around £10m poorer. For the international lines should be burning with bids for some of the best Impressionist and modern pictures ever offered in London, and a total of perhaps £60m for the 68 lots is quite on the cards. Christie's will cream off 10 per cent of the hammer price from the buyers, take slightly less from the vendors, and will be rich in prestige as well as cash.

Much depends on just one picture, Picasso's 1905 painting of "Acrobate et jeune Arlequin." It is from his much sought after Rose Period, and this portrait of two male circus performers shows him in an optimistic, humane, mood. Perhaps for this reason it was confiscated by the Nazis in 1937 as an example of decadent art.

Christie's initially put an estimate of £10m on the painting, (which was well in excess of Picasso's previous auction best, a modest £4.2m.), for it was generally agreed, especially within Christie's, that this was an outstanding work, a milestone in 20th century art, of appeal to both connoisseurs and the new aspiring collector.

Since then the record for Picasso has been lifted twice, with a Cubist painting of 1923 making £8.5m in New York on November 11, and a 1901 Blue Period "Maternité" selling for an extraordinary £13.7m to a collector from South America four days later. Monday's Picasso is much more decorative and Christie's has quickly upped its forecast to £13m.

Everyone imagines it will make more – estimates in the saleroom's sweepstake range from £15m to over £30m – and if some of the frustrated bidders for the Picassos in New York, and there were plenty of them, throw caution to the wind a price of around £20m is a distinct possibility. The record £24.3m paid for the better known "Sunflowers" of Van Gogh could easily be exceeded.

(Of course all this talk of records is nonsense, given inflation; the introduction of the buyer's 10 per cent premium in the 1970s; and currency fluctuations, but it adds to the excitement of life.)

After Christie's big night on Monday it is Sotheby's turn on Tuesday. Its evening sale offers a Monet painting of waterlilies which could make £6m even though the artist returned to the subject on forty seven occasions; and a Cezanne which could satisfy any Harlequin fanciers unlucky at Christie's – it is a portrait of the artist's son painted in the 1890s in the colourful carnival costume.

The London auction houses are very optimistic, buoyed up by the sales of their New York counterparts two weeks ago. In just seven auctions, covering 602 lots, Christie's brought in £111.7m ($200m), while Sotheby's produced £127m ($231.2m) in its burst of sales. This underlines just how important (or vulnerable) Impressionist, modern and contemporary pictures have become for the well being of the two major auction houses. At this rate the Impressionist and contemporary art departments could soon be contributing a half of Christie's turnover, and the proportion at Sotheby's would not be far behind.

Fortunately at the moment this is a broadly based international market with many new buyers. An optimist, like James Roundell, who heads Christie's Impressionist and Modern department, can point out that very, very few of the 400 richest men and women in the world, the types who can spend a few million pounds on a painting without checking their bank balances, actually buy works of art. If half a dozen of them pick up the habit each season the salerooms should continue to prosper.

It is the great accumulation of wealth in recent years, particularly in the US and Japan, which is behind the recent rise in art prices. To a great extent the successful auctions in New York mark the continuation of an upward trend apparent now for for at least three years. There are probably a couple of hundred active art collectors capable of paying £1m or more for a picture, and as their collecting mania grows, their eye develops, and the investment angle strengthens, they increasingly do so.

Other new collectors are attracted by the glamour and the acclaim: the Swedish financier Hans Thulin suddenly appeared in New York this month with a shopping list of six paintings by post-war American artists. He bought a Jasper Johns for $7m and a Rauschenberg for $6.3m, and contributed to the startling upsurge in prices for contemporary American art, which saw Jasper Johns' "False start" climb to $17m (£9.4m), a record for any living artist.

A feature of the new saleroom buying is that it is being done by the collectors themselves. All but the very richest dealers are being left behind by the escalation in prices. They might well advise buyers, and actually do the bidding for them, but unless they work in concert, or have a definite collector in mind, they cannot afford to tie up vast sums in just one picture. They certainly cannot expect to add on their traditional profit margin of up to 50 per cent.

The salerooms can't take things for granted. Pictures from important collections tend to do well – look at Christie's New York Goertz sale in which 29 lots brought in £47m,and Sotheby's Granz auction which did equally well. But Sotheby's main general owner auction was disappointing, with over 20 per cent unsold. More disturbing for the auction house three of the pictures which failed to sell were actually owned by Sotheby's: to secure them they had paid money up front to the vendors.

Fortunately the Japanese are still active buyers, occasionally paying £1m or more for a Cezanne, a Renoir or a Monet, but more often now bolstering the middle market through their penchant for the woks of Utrillo, Vlaminck, Laurencin and Foujita. In fact the most encouraging feature of the New York auctions was the high prices paid for good second division artists. In one week new auction records were set for the likes of Bonnard, Sisley, Fantin Latour, Marie Laurencin, Soutine, Vuillard, Munch, Henry Moore, Dubuffet, Magritte, Pissarro, and Boudin – the list seems endless.

And a new high creates confidence. One night a pretty Sisley went for a record $3.4m: the next day a lesser work, which had been estimated at $700,000, sold for $1.7m. Since the boom is built around new buyers it is the immediately attractive late 19th century paintings that are most in favour. Important but difficult works, like Picasso's Cubist, "Femme à la mandoline" was unsold at Christie's auction but found a buyer after the sale for a modest $7.5m. The main task next week will be to dampen down over optimistic speculation. No one really wants prices to rise too far, too fast. A bid of £15m for the Picasso would, in historic terms, be remarkable: there is already a feeling abroad that it could be seen as disappointing.

Touched by the arm of the law

AT LAST the law is catching up with the auction houses. Their activities are infamous for being little touched by legal restrictions; they create their own rules and manage to persuade the rest of the world to go along with them. In effect they get away with murder.

This week Justice Simon Brown cast a shadow over their future by ruling that the Guildford auctioneer, Messenger May Baverstock, was negligent in not recognising that a pair of paintings of dogs, brought to them for sale, were valuable properties. Sotheby's, who subsequently sold them for £90,000; Spinks, who bought them; and Mr Paul Mellon, the American billionaire on whose walls they now hang, are quite confident that they are by the 18th century artist George Stubbs; the leading expert on Stubbs is not so certain.

But the actual authenticity is irrelevant, and Justice Brown certainly did not wish to get embroiled in such a tendentious issue. What mattered to him was that the pictures were taken as run of the mill stock by Messengers which was pleasantly surprised to sell them for £840. With better advice the vendor would have secured a much higher sum. Thanks to the judge she now has.

What is surprising is that the case reached the courts. Misattributions on this scale happen surprisingly infrequently and affect all the auction houses. The big ones are adept at quickly reaching an agreement privately with the aggrieved sellers, who discover later (if they do), quite by chance, that the antique they sold for peanuts has subsequently made megabucks.

Sotheby's hit a particularly bad patch last year when its Chester saleroom sold a painting of Pope Clement VII catalogued as a 19th century copy when in fact it was the well documented original by Sebastiano del Piombo. A quick witted dealer bought it for £187 and a few months later re sold it at at Christie's, correctly attributed, for £418,000. Sotheby's made good the difference to the original owner.

In the same week Phillips sold a painting of the Holy Family with Saint Lucy by Annibale Carracci for £847,000 which Sotheby's had turned away at an open day in Bournemouth with a valuation of just £400.

Last week Sotheby's sold a portrait of George Washington by Gilbert Stuart for £275,000: in the summer Christie's in New York disposed of the same painting, non attributed, for a few thousand dollars. Every week dealers spend hours viewing the paintings at Christie's South Kensington, Phillips and Bonhams in the hope of finding a "sleeper," an unrecognised masterpiece. They rarely hit the jackpot. The best they can hope for is finding the evidence which converts "School of . . . " into the real thing, or of convincing the world that a painting attributed to one obscure Old Master is actually by a slightly more valuable artist.

The ruling will certainly persuade more provincial auction houses to give up the struggle. In the past few years the profession has experienced a wave of takeovers. Some auctioneers have sold out to Phillips, which now has a national network of 21 salerooms. Other auction houses, subsidiaries of local estate agencies, have suddenly found themselves part of the Prudential, or Lloyds Bank, or Nationwide Anglia, financial institutions which expanded into the house selling market and acquired incidentally unwanted auctioneers.

Small provincial auction houses just cannot afford to pay for the expertise in all fields of the antiques business. They either rely on local experts for advice, which can be a short sighted approach, or they take doubtful but likely looking objects along to the majors in London, either for sale, pocketing a small commission for the introduction, or for valuation.

Sotheby's, Christie's and Phillips do not mind selling the goods but they are getting fed upo with handling all the enquiries. The pressure will now increase, and the obvious solution is for the major auction houses to charge for their expertise.

Of course the auctioneers can take out Personal Indemnity insurance but this costs a really big auction house over £1m a year and the premiums are rising steadily, imposing a heavy burden on the small operators. The inevitable consequence is more closures; much more general descriptions of goods in the provincial catalogues; and, in some cases, auctioneers not bothering to print a catalogue at all.

There are believed to be more cases of negligence waiting in the wings which will now come forward as a result of this judgement (which could go to appeal). Whatever happens the UK auction house scene has received a jolt.

A.T.

Records

New life for old favourites

Beethoven: The Violin Sonatas. Grumiaux, Haskil. Philips 422 140-2 (three CDs)
Berg & Stravinsky: Violin Concertos. Grumiaux, Concertgebouw/Markevitch, Bour. Philips 422 136-2
Schumann: Piano Concerto, Kinderszenen, Waldszenen, Abegg Variations. Haskil, Hague Philharmonic/Otterloo. Philips 420 851-2
Musorgsky: Pictures at an Exhibition. Richter. Philips 420 774-2
Liszt: Sonata in B minor, Funérailles, Fantasia on Hungarian Folk-tunes. Richter, Budapest Philharmonia/Ferencsik. Philips 422 137-2
Beethoven: Diabelli Variations. Richter. Philips 422 416-2

LEGENDARY CLASSICS is the banner for a venerable series of recordings recycled on CD by Philips. The company claims to have developed a new noise-reduction treatment for the discs, though a before-and-after sampler released at the start of the series produced no startling revelations. But the real value of the discs is the performances they contain, undeniably spruced up to a significant extent, and which by any standards represent some of the most enduring products of the LP era.

The set of the Beethoven Violin Sonatas, for instance, which Arthur Grumiaux and Clara Haskil recorded in 1956 and 1957 remains unsurpassed; it is hard to think of a more recent cycle that even approaches the quality of instinctive musicianship displayed here, or reveals a partnership more fundamentally compatible. There is a Kreutzer Sonata totally without barnstorming theatricality yet utterly precise, tense and compelling, a Spring Sonata unfolded with naturalness and perfectly poised lyricism, and each of the Op.12 set imbued with quietly relished enjoyment. Violin and piano textures are perfectly complemented, and the mono recording, sensitively refurbished, is a model of clarity.

Grumiaux's posthumous status as one of the most significant and underrated violinists of the last 25 years is further underlined by the re-release of the Berg concerto, recorded in 1967. Of subsequent versions only Perlman's has approached Grumiaux's sovereign command of style and structure, and even he does not bring off the closing section with such poignancy, while Markevitch accompanies with total assurance. The Stravinsky performance is less remarkable – the orchestral playing is a little dogged and Grumiaux seems ill at ease with the extrovert brilliance required in the outer movements of the concerto. It is still, however, violin playing of the highest distinction.

Haskil's Schumann compilation is less easy to recommend. That is not because of any shortcoming in the playing, which is as effortlessly expressive and profoundly poetic as one would expect, but the quality of the orchestral accompaniment to the concerto, with a principal oboe whose tone would curdle milk at 50 paces, is well below par, and the 1951 recording which is no more than moderate for its vintage. Yet Haskil's playing of the solo works, and that of Waldszenen especially, is so utterly personal it deserves some investigation despite the imperfections.

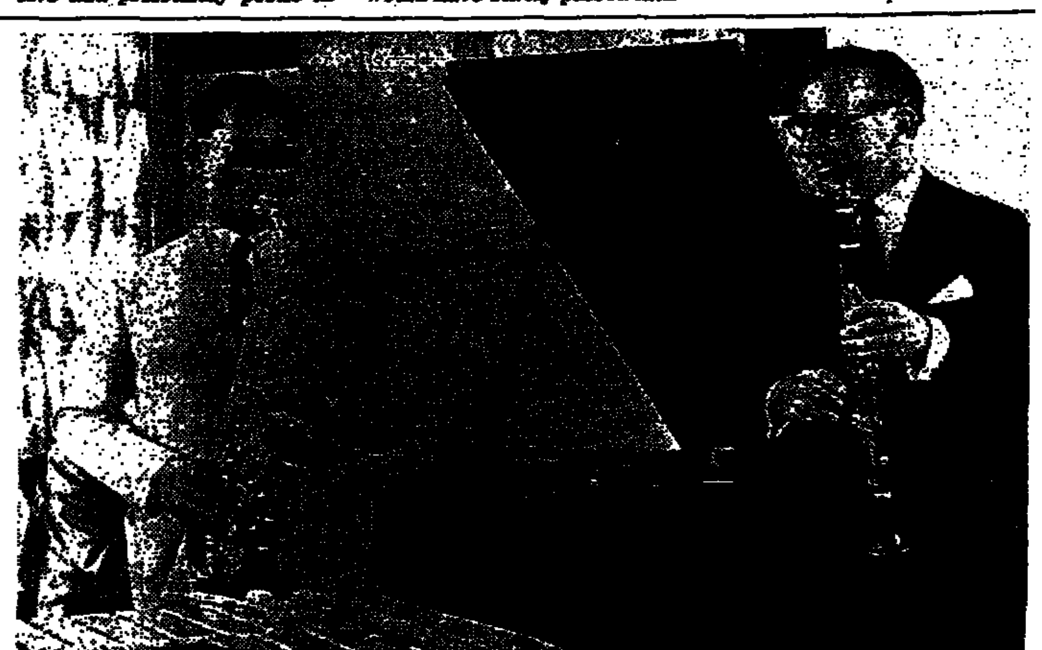
Sviatoslav Richter's account of Musorgsky's Pictures, recorded in mono at a concert in Sofia in February 1958, remains an extraordinary experience. The sound is cavernous, and the most sophisticated technology can do little to counter the constant audience noise – Bulgaria was evidently in the throes of a major winter 'flu epidemic. But the sheer scale of the playing, the vividness with which every detail is realised, trivialises such considerations. A miscellany of Chopin, Liszt and Schubert (including the most bewitching account of the E flat Impromptu) completes the disc. Anyone who has treasured this issue as one of the most extraordinary of all piano recordings is likely to have worn out their LP years ago, and should fall upon the CD with all possible speed.

The Richter Liszt collection is more puzzling; it was recorded at concerts in Budapest in 1960, but the mono sound quality is execrable, and would have barely passed muster a decade earlier. Yet as far as I am aware these performances have not been available commercially before in this country, and somewhere among the noise and tinny piano sound are torrential performances of the B minor Sonata and Funérailles, together with a fascinating one of the Fantasia, even though the Budapest Philharmonia was not a great orchestra in those days. It must remain, though, a disc for Richter fanatics only.

Rumours of a whole series of new live recordings of Richter still awaiting the pianist's imprimatur before release are tantalising, for he seems to have forsaken the recording studio for ever. But the Diabelli Variations, delivered in the Amsterdam Concertgebouw in 1986, is a glorious surprise, and at last a brand new recording to add to his increasingly precious discography. Richter's view of the most massive of all Beethoven's piano works is bracingly individual: by turns grandly rhetorical – in the very first variation, the Don Giovanni tribute and the fugue – and meltingly impressionistic, so that the outlines of the writing are dissolved into magical textures. Perhaps the work does not emerge as whole as it might from a more sternly correct Beethovenian, but it is touched with an indefinable excitement that is Richter's irreplaceable gift.

Andrew Clements

Groove with Grove



King Phumiphol of Thailand with 'King of Swing' Benny Goodman at a 1960 jam session

WEIGHING in (according to my bathroom scales) at well over half a stone, and adorned with robust, eye-catching red, black and gold covers to protect 1,360 pages of facts, opinions, assessments and photographs, the two-volume New Grove Dictionary of Jazz, published next Monday by Macmillan, is a dream purchase for any serious devotee of the music.

Alas the total price, £225, will be a nightmare for those same enthusiasts who would, naturally enough, prefer to invest in recordings or equipment or live performances. Nevertheless pounds and pence should be set aside assiduously to buy this monumental cornucopia of jazz information which, as its editor Barry Kernfeld states, without fear of contradiction, in his preface, "is the largest dictionary of the music ever published."

The bulk of the two volumes is devoted to biographical sketches of jazz musicians and singers from all over the world, completed by a selected list of their recordings. Some of these are baldly factual. Others carry uncompromising but stimulating views. Thus writer/trumpeter John Chilton refers to clarinettist Mezz Mezzrow's "shrill tone, trivial ideas and limited sense of rhythm and harmony."

Composer/writer Gunther Schuller, revising and updating an entry by André Hodeir from The New Grove Dictionary of Music and Musicians, declares that Duke Ellington's "creativity declined substantially after the mid-1940s, many of the late-period extended compositions suffering from a diminished originality and hasty work . . . "

James Lincoln Collier's article on Louis Armstrong's music concentrates almost entirely on the Hot Five recordings and, as in his controversial biography of Armstrong, he dismisses, from a jazz viewpoint, most of the trumpeter's output from the mid-1930s. Even so, Collier is the author of the imposing centrepiece of the two volumes, a lengthy essay on jazz itself which would be hard to fault for its thoroughness, accuracy and fairness though he does repeat his oft-questioned contention that Americans, rather than Europeans, were the first to write seriously about jazz.

Editor Kernfeld, a leading musicologist, contributes extensively, including scholarly but readable evaluations of major musicians such as Miles Davis, Sonny Rollins and Anthony Braxton.

Musicians apart, there are comprehensive entries on the structure and content of the music such as "Improvisation" (Kernfeld), "Harmony," "Beat," "Arrangement" (Schuller again, who also writes on "Third Stream," a term coined in 1957 by . . . Schuller himself), "Singing" (Kernfeld and respected critic Leonard Feather whose sole contribution to the two volumes this is), as well as explanations, with diagrams and photographs of each instrument used in jazz. There is an unexpected topicality too, with the 1988 demise of musicians such as Chet Baker, Nappy Lamare, Sy Oliver and Eddie "Cleanhead" Vinson duly recorded.

As this is an American-inspired, American-based and American spelt publication there is a comprehensive list of what are described as "Nightclubs and other venues," meaning jazz clubs and other venues, past and present, covering the major cities in the world.

It is fascinating and nostalgic to read about the long-gone pre-war "niteries" in such key centres as New York, London and Paris as well as those extant. In this last respect Paris has not been well-served as several of the best known and longest running venues such as Le Petit Opportun, Dunois and New Morning are unlisted.

As far as it is possible to discern not a single aspect of the music has been neglected. Inevitably some inclusions will raise an eyebrow or two. Before raising them it is wise and profitable to read carefully Barry Kernfeld's preface where he justifies the inclusion of, among others, Eubie Blake, Johnny Mercer and Jeff Beck against the omission of, among others, Scott Joplin, George Gershwin and Jimi Hendrix "because they are not directly associated with jazz".

One senses there was much tortuous discussion among the editorial team over such contentious decisions, but surely Fred Astaire's association with jazz was not, to be charitable, "significant"? Others whose presence, in what we should now call "Jazz Grove," can be queried include singers Teresa Brewer and Rosemary Clooney (but Carol Kidd, almost certainly the best jazz singer in the UK, is omitted); the dancing Nicholas Brothers; the Squadronaires dance band (why not Geraldo?) and – admittedly a borderline case – Frank Zappa. Another puzzling inclusion is American composer and Paul Whiteman associate Ferde Grofé, who didn't merit an entry of his own in the 20 volume New Grove Dictionary of Music and Musicians.

The present day internationality of jazz is underlined by the numerous non-American references and in this respect Spain, Switzerland, Australia and Belgium are, for once, recognised as having important jazz players. Britain is generously treated though once again the "Inclusions/Exclusions" game will be played. Predictably the much-publicised Courtney Pine is there, but equally talented young saxophonists Andy Sheppard, Tommy Smith and Alan Barnes are not. And, mysteriously to me, 1950s' skiffler Lonnie Donegan merits an entry to himself.

Inevitably a project of such enormous dimensions as this elicits nit-pickings which are rightly dwarfed by the spectacular achievement of the end product. As well as the volume of information to be gleaned, readers will snap up unconsidered trifles along the way.

Among mine were the discovery of Spikes' Seven Pods of Pepper (a Kid Ory recording band), the fact that the Australian aboriginal wooden trumpet, the didjeridu, is played as a jazz instrument by American trombonist Craig Harris and that Bhumibol Adulyadej, amateur clarinettist and saxophonist, has participated in jam sessions with Lionel Hampton, Benny Goodman and Jack Teagarden but none of his recordings have been authorised for release simply because he is the King of Thailand!

Kevin Henriques

Chess No. 749: 1 Q-N5. Black resigned due to QxQ; 2 R-N7 ch, 3 RxP ch and 4 R(N7)-N7 mate, but 1 ... R-K8 ch; 2 K-B2, R-KR8! at least draws.

Justice done to Danby

'An Enchanted Island': one of Francis Danby's most lyrical landscapes

IF EVER a British painter deserved re-evaluation, it is Francis Danby (1793-1861). He has suffered critically from the 'Biedermeier' accessibility of his early Bristol work; his ambitious, apocalyptic subjects have been seen as imitations of John Martin; and his late works have hardly been seen at all. The deterioration of these dark-toned canvases resulted in their destruction (Queen Mary gave orders to destroy "The Gate of the Seraglio – Constantinople" in 1927) or drastic over-cleaning. Moreover, one third of the works shown in the 1961 centenary exhibition are now thought not to be by him.

To the rescue comes a new retrospective of paintings, watercolours, drawings and prints at Bristol City Art Gallery (until January 22), which will move to the Tate (February 15 – April 9). Like the oppressed slave illuminated by a thunderbolt in "An Attempt to illustrate the Opening of the Sixth Seal," Danby emerges triumphant. His is revealed as a major British Romantic painter, and his poetic response to nature is shown as enduring. Now it is even harder to understand why he continually failed to be elected a Royal Academician (on his first attempt in 1829 he lost by one vote to John Constable).

Recent restorations and discoveries serve Danby well. One of the most dramatic revelations of the show is a vast and ambitious early painting of the fabled Upas or Poison Tree on the Island of Java. Once thought beyond all repair, it has been painstakingly cleaned by the V&A and is now on show for the first time in 100 years.

The Upas Tree stands alone in a near-black mountainous landscape made barren by its own poisonous fumes; the carcasses of beasts and convicts that approached it rot in the foreground. Only criminals sentenced to death could be persuaded to tap its precious poison. One such figure stands close, turned away in despair. The sense of desolation and loneliness is overwhelming. In such imaginary, melancholic and Northern landscapes Danby comes closer in spirit to Caspar David Friedrich than any other British painter.

Danby had a penchant for deep, rich tones, and, like Turner, for the effects of dawn and dusk, sunset and moonlight, which he continued to indulge despite the fact that these pictures rarely sold.

Light is his emotive language. The livid dawn sky above 'Tasso's Clorinda and Tancredi' intimates their tragedy; the soft moonlight bathes Lorenzo and Jessica, and Portia's garden, in an embracing stillness. The harsh mood of Norwegian morning mists is leavened with lingering rays of evening sun. "An Enchanted Island" is one of Danby's most tranquil and lyrical landscapes; Turner was not alone in paying tribute to Claude.

Danby is presented in all his diversity. Soon after the Upas Tree, he produced a group of small, intimate oils of the woods and pools around Stapleton, near Bristol (where the Irish-born artist lived 1813-24) that are characterised by a delight in the innocent world of childhood. These fresh, unselfconscious and totally unsentimental panels, such as "Boy Fishing," are the artist's most endearing works.

His greatest success was the "Sixth Seal," the star of the RA's 1828 exhibition and acquired by William Beckford. During its creation, it was Danby, not John Martin, who accused his (less adept) rival of plagiarism. Danby remained committed to these panoramic, apocalyptic visions, which were unashamedly calculated for effect – and sale – in London.

"The Deluge" represents another abortive attempt for commercial success. (Danby moved from Bristol to London, to Geneva, Paris and back to London to escape his creditors.) Inspired by Gericault's "Raft of the Medusa," its monumental gloom seems to reflect his anguish after the death of his beloved mistress and 3 of his 10 children in 1838.

What survives of his late, dark exhibition "machines" tends to be dull and disappointing – and not exhibited. His saving grace in the 1840s and '50s is a remarkable series of recently rediscovered oil sketches. These small, bold and closely observed studies – of a boat-building shed, the interior of his drawing room in Exmouth, and, most outstanding of all, a sunset across the Exe and a sunset through trees – constitute a thrilling and unexpected finale.

Susan Moore

A very different kind of Stockhausen

Andrew Clements reviews 'Sternklang' at Huddersfield

THE Huddersfield International Festival of Contemporary Music is celebrating its tenth anniversary with energy and enterprise undiminished. In scope and importance it has grown through the decade at a speed which its founder and artistic director, Richard Steinitz, could never have envisaged; Huddersfield now ranks alongside the most prestigious of European new-music gatherings and the 1988 programme, which ends tomorrow, is as jam-packed with interest as ever.

Featured composers have included the Korean Isang Yun, the Chinese Ge Gan-ru, the Finnish Kaija Saariaho, the Dutch Louis Andriessen, the Canadian R. Murray Schafer, Judith Weir, George Benjamin and Stockhausen. Stockhausen's 60th birthday this year was celebrated in a series of concerts presided over by the composer himself.

Inevitably the recent Stockhausen predominated. Extracts from the opera-cycle *Licht* and offshoots from that all-embracing project received British premières – a new version for ten instruments of *Michael's Journey*, the central act of *Thursday* was the most substantial, but the clarinettist Suzanne Stephens and flautist Kathinka Pasveer, together with the composer's sons Markus and Simon, also introduced the 1985 *Ave* for flute and basset clarinet, and the miniature *Xi* for solo wind instrument completed last year.

The celebration ended on Wednesday with a very different kind of Stockhausen, the first performance in Britain of his "Park Music" for five groups, *Sternklang*, completed in 1971. The contrast between this meditative score – "intended as a preparation for beings from other stars and for the day of their arrival," the composer suggests – and the more recent formula-based pieces of *Licht* could hardly seem greater. From this perspective *Sternklang* can be seen to signal the end of an important phase in Stockhausen's development, the period that had included the intuitive and text pieces of the late 1960s, and the magical vocal meditation on a single chord, *Stimmung*. It's that work which is the starting point for *Sternklang* – where *Stimmung* concentrates upon a single group of six singers, the later piece uses five quartets, mixing singers and instrumentalists, and distributes them in a large open space, around a central tam-tam player who co-ordinates their activities. Groups can call to each other, converge upon material that they explore together, or dispatch messengers who visit their colleagues to bring new melodic or rhythmic models which can be incorporated into their ruminations.

The first performance took place in the heavily wooded English Garden in Berlin, with the groups widely separated and just able to maintain aural contact. It is music expressly designed for the outdoors, at its best, according to Stockhausen, "during warm summer weather, under a clear starry sky, preferably at a time of full moon." Huddersfield in November is not the best setting for such extra-mural activities, and the festival performance, directed by Peter Britton and the composer with groups from Huddersfield, Cambridge and London was given in a huge sports hall, suitably lit and bedecked with potted plants and trees.

It was not ideal, of course, but evocative enough to give some hint of what a performance of *Sternklang* could offer under the right conditions. Stockhausen's control of such a scheme – this performance lasted two and a half hours – is remarkable, the sense of theatricality as the groups' musics interweave and overlap, and the "messages" are dispatched and taken up, quite bewitching. At first it seems impossibly dated, redolent of the 1960s, psychedelia, and free concerts in Hyde Park, but as with so much of his music of that period the total effect is much greater than any individual part of it might suggest. While Stockhausen might have seen these scores as a creative endpoint, they are by no means negligible; no one else would have conceived such a remarkable score, or executed it with such single-minded clarity.

The new reduction of *Michael's Journey* is evidently designed to make what was always one of the most successful sections of the opera-cycle into a more portable and performable concert piece. It is in many ways the instrumental equivalent of the earlier tape-piece *Telemusik*, which preceded it in the Huddersfield concert, as the hero of *Thursday* the trumpeter Michael travels the world and encounters its widely assorted musics. The colour and richness of the original orchestral version is almost all preserved – the crucial confrontations with the basset horn, a pair of clarinets, a flute and a trombone are its highpoints, but every element in the mosaic is vivid and highly personal. The later Stockhausen may be infuriatingly diffuse, but he is still an inventor of sometimes startling originality.

Rocking the musical

Martin Hoyle on Guys and Dolls

LEICESTER Haymarket's resolutely unsparkling revival of Frank Loesser's musical apotheosis of Damon Runyan's gamblers, showgirls and missionaries in Babylon-on-the-Hudson proves conclusively that the snappy wit of Broadway is as foreign to British performers as Goethe or Goldoni.

The opening ballet of street bustle is as doggedly devoted to the memory of the film as was the National Theatre production – except that the Haymarket's stage presents a New York remarkably underpopulated, and the performers lack the precision and sheer zing to prevent their vigorous mime from looking silly.

Directors Peter Lichtenfels and Tim Supple have embalmed the piece with earnest good intentions and a medium-sized provincial company: a combination simply not up to the Broadway musical in general and Loesser's sardonic distillation of Runyanesque tender-hearted toughness in particular. The cast goes dutifully through the motions, as if tackling a masterpiece (which it is) in a museum (which it is not).

An uningratiating leading couple put a damper on the proceedings which the production vainly struggles to throw off. As Sky Masterson, Mark McGann wanders on almost apologetically. Never has a big-time gambler and assured seducer cut such an innocuous figure. Faintly resembling Jack Palance, he is stilted in speech and song.

Joanne Campbell scarcely begins to act Sarah Brown. With no discernible characterisation, this mission doll's defection to Havana with a gambler, her drunkenness and brawling, make no impact whatever, as especially as she lacks the role's vulnerable primness, memorably caught by Jean Simmons in the film. In lyrical passages her singing is wobbly, strained and breathy.

Even the usually excellent Susannah Fellows, an American, to boot, is muted, as if giving up against such odds, though she nicely points her psychosomatic disorders in Adelaide's Lament. Fresh from his clownish thug in *Kiss Me Kate*, Emil Wolk as Nathan Detroit hints at fastidious comedy of almost Chaplin-like delicacy. Supporting players include a promising young Nicely-Nicely in Martyn Ellis and a first-rate Benny Southstreet in Adam Price. Their well-drilled delivery of the title song raised the temperature considerably. The ensemble singing is excellent. Douglas Heap's design, a mass of electric signs, evokes the style that the rest of the production so singularly fails to catch.

Hungary for classical theatre

Michael Coveney spends a week at the Katona Jozsef Theatre

IN THE very week when a young and relatively unknown economist, Miklos Nemeth, was appointed Prime Minister of Hungary in succession to Karoly Grosz, that nation's most distinctive and renowned theatre company, the Katona Jozsef, presented in Budapest Gogol's tragic satire of a political community erupting with panic and dismay at the impending arrival of a supposedly new broom.

The Government Inspector is a play with all sorts of lines for an audience to read between, especially in the Eastern bloc. But I have never experienced so hilarious and chilling a revival as this one, set in a contemporary, decrepit environment of metal lockers and pigeon holes, plastic briefcases, cheap brown cardigans, bad haircuts, creaking chairs and mal-functioning machinery.

The place, not unlike Hungary itself, is an economic disaster area. And the arrival of the real inspector (only announced in Gogol) in a shiny blue suit, every inch the technocrat, prompts an act of brilliantly prepared and terrifying intervention.

By then, Janos Ban's emaciated, beaky, cut-price dandy of a Khlestakov has acrobatically tested the water, the wine, the dilapidated clothes horse and (more vigorously outrageous innovation) the Mayor's daughter's suspender belt as well as the Mayor's wife's sofa springs.

The ensuing act of furtive congress must be the fastest and funniest ever represented on a stage, with Juli Basti calmly retreating to peddle the harmonium and wash out her smalls while Peter Blasko as her obsessively manic, square-headed husband charges around fixing bribes, cover-ups and other forlorn strategies. Everyone turns up for the engagement party in best dull clobber, bearing bottles in white plastic bags.

I will say no more than that this production, together with the same theatre's spellbinding *Three Sisters* (which I reviewed at last year's Stuttgart World Theatre season), is now booked for the Old Vic in London next July as part of the London International Festival of Theatre.

Thanks to LIFT (not, you will note, the Edinburgh Festival or the National Theatre), London will soon know what is already known in Paris, Berlin, Brussels, Parma, Vienna, Moscow and Chicago. That the Katona Jozsef is indisputably one of the great classical companies of the world.

In Budapest this week the company has displayed its repertoire in the seedily agreeable 500-seater theatre on Sandor Petofi street that was once the Hungarian National Theatre's annexe. That ailing institution was entrusted to Gabor Zsambeki and Gabor Szekely in 1978 after each had spearheaded notable provincial operations in Kaposcvar and Szolnok.

The two Gabors failed to uproot the tenacious Hungarian idea that its National Theatre should be a home of hollow pageant and self-congratulatory rhetoric, and their Katona Jozsef productions were formally hived off from the National in 1982. Their theatre has that unmistakeable air of both informal intimacy and potential excitement you sense in the comparable tunnel (no circle) auditoria of the Piccolo in Milan or the Gate in Dublin.

Even within the exigencies of limited arts funding – the State subsidy of about £0.5m has been the same for four years – the books are balanced and prices pegged to a 50 pence maximum (the average wage in Hungary is about £20 a week).

The 32 actors, many of whom are well known on television and in films, are paid according to status, but not with much difference between highest and lowest salaries. They play in up to 10 or 11 productions in any one month's repertoire.

The two Gabors have contrasting and complementary styles. Zsambeki, who directed *The Government Inspector*, has also given rumbustious life to Jarry's *King Ubu*, a play that is usually done these days as a dutiful vaudeville. Again, the piece is effortlessly contemporary in its images of invasion, pillage, violence and rape.

When Jarry wrote the play in 1896, Poland was erased from the map. Hungarians, too, know what it is to wake up and find bits of their country lopped off. And what is happening now to Hungarian villages in Romania? While maintaining an idiosyncratic flavour of a wild mimetic jam session in an underground sewer, the production elegantly incorporates Brechtian texture and a post-Beckettian melancholy, the politics of actuality and its wasting aftermath.

Juli Basti's sensational Ma Ubu munches a frankfurter held between her toes while stitching a gashed shin. Lazslo Sinko, a great actor who reminds me simultaneously of the Georgian virtuoso Ramaz Chikhvadze, Ronnie Barker and Jim Broadbent, plays Ubu in a dazzling confusion of light viciousness with insatiate greed.

Juli Basti and Laszlo Sinko in 'King Ubu'

All the effects, like the split-open heads, the mounting of the horse, the storm at sea and the bare-bottomed soldiers using helmets as chamber pots in that scene casually headed "The Polish army marching through the Ukraine," are done with exhilarating, irresistible panache.

Above all, this is a top class acting company. Basti and Sinko will be seen in London as Masha and Vershinin. The two productions I saw of Gabor Szekely, both designed by Csaba Antal, contained wonderful studies in sexual and psychological pathology. In *The Misanthrope*, Gyorgy Cserhalmi was an Alceste of unshaven, dishevelled rancour, toying with the guttering candles of a fallen chandelier as a necessary diversion from speaking his mind. Truth will always out with him.

When he was discomfited by the delivery of the offended poetaster's writ and the giggling of Acaste and Clitandre, you could have heard a pin drop. The play becomes the shutting up of a critical dissident. But as in Gogol and Jarry, there is no evidence of wanton distortion. Just vital and impassioned interpretation.

The cold beauty of this production, with a stunning set of upstage glass corridors, swagged curtains, and heavy wood panelling, frames Alceste in both senses. His Célimène is the enchanting Dorottya Udvaros who plays the Lulu-type heroine, Clodia, in the other Szekely production I saw, of Milan Füst's Catullus.

Füst (1888-1967) wrote Catullus over eight years in the 1920s, but never saw it performed. The obsessive erotic poems of Catullus reflected in part his doomed passion for Lesbia (or Clodia), a faithless married woman to whom he is in masochistic thrall. The sexual, scurvy world of Catullus's Rome is updated to an inter-War Rome of brothel-like steam baths and a crushingly oppressive salon.

Jealousy as a form of love characterises the relationship of Catullus (Gabor Mate) and the desperately fickle Clodia, played with extraordinary vampish ambiguity by Udvaros, just as it did that of Proust's Swann and Odette. The play was hard to follow, but not to enjoy. It was staged with poisonous elegance, superbly acted.

Space just to report the playing in Budapest for three performances last weekend of Erdmann's *The Suicide* in a very fine production, better even than the excellent RSC version of 1982 (when the play was still banned in Russia) by Tamas Ascher, who did *Three Sisters* for the Katona Jozsef. It came from the Kaposcvar theatre. And a dismal rock pageant about King Stephen, first Magyar monarch, at the National Theatre, fully demonstrated why the Katona Jozsef had to happen in the first place.

Radio

The burning fuse of hatred

WHEN THE Actors Studio brought James Baldwin's *Blues for Mr Charlie* to the Aldwych some 25 years ago, I was horrified by the hatred in the author's writing. Both the black and the white communities of Plaguetown in the American South were full of villains, and it seemed that nothing but violence would ever change the situation. At the end, the black preacher Meridian Henry has a pistol concealed in his Bible.

A radio adaptation was broadcast on Tuesday. Richard Henry, Meridian's son, comes back after eight years in the North. When he hears the phrase "Sick with hatred," "I'm going to make myself *well* with hatred," he says, and his behaviour gets him shot early in the play.

But this doesn't exclude him from the action, for the script is diachronistic. As events move towards the trial of white storekeeper Lyle Britten for the shooting, relevant events from times before the murder are dropped in where they can illuminate points of behaviour.

This makes radio listening adventurous, though the evocative production by Martin Jenkins for Radio 3 in association with the Canadian Broadcasting Corporation is kept clear with its vivid playing of parts. Baldwin left more than one version of the script, ironing out some of the time-shifts, but flashbacks are an everyday feature on radio.

Basically, the story tells how black Richard (Phil Akin) and a friend come to white Lyle's store and beat him up, so ensuring that Lyle (George Buza) will go out and shoot him. But it is full of colourful characters and incidents that paint a dreadful picture of the South. Even "good" characters have a bad side, born in them by contemporary life. Lyle's wife, for example, says at the trial that Richard had tried to kiss her; we, who have heard the business in one of the parentheses, know this to be untrue, only what is expected of a white woman in such circumstances.

The only fairly neutral character is Parnell (Richard Donat), who runs a newspaper that his fellow-whites regard as virtually Communist. The Rev. Meridian (Erroll Slue), tells the murder jury that Richard never carried arms, though we have heard him say "This gun goes everywhere with me." There are two sympathetic girls, Lyle's wife Jo (Marti Maraden) and black Juanita (Alison Seely Smith), who is sought equally by Richard and his father.

One must hope that the South isn't still like this. Fascinating as the play is, it is awful to think that there was no one at all in Plaguetown to sympathise with. Baldwin was tiny, black and gay, so he may well have felt himself the wrong side of discrimination much of his life.

While I am on Radio 3 drama, a word for Martin Crimp's 20-minute time-bomb *Spanish Girls* last Saturday. Lonauer (John Moffatt) tells Singer (Ron Edwards) of his love for his Spanish garden, now no more, and the convent girls that used to come in to play. One of the prettiest looked as if she were Jewish – odd at a convent, but after all, all men are equal, even Jews, even queers.

Singer had different recollections, about a town in Holland where once all the Jews were arrested and taken away, and the queers too. The fuse is set; but Martin Crimp is adept at leaving a fuse burning and relying on his listeners to provide the bang. This fragment of Semtex was directed by Matthew Walters.

What ought to be an interesting series opened on Radio 4 on Wednesday, *South of Sixty*, about Antarctic research. It began on the research ship Bransfield in South Georgia, prepared to go even further south to the Antarctic continent where so much is to be learnt. Reporter Bernard Jackson made his first instalment rather like *Down Your Way* with memories of Scott and Amundsen and Shackleton, and delighted admiration of the local wildlife, but it ought to (that phrase again) get better as the cruise and the research continue.

B.A. Young

SPORT

Football faces a crisis of identity card

***Philip Coggan** speaks out strongly against the proposed national membership scheme for soccer*

THE QUEEN'S Speech is normally of little interest to the average football supporter, although many might like to see Her Majesty remove England manager Bobby Robson by Royal command. But this week's speech contained an item to affect fans of every team from Aldershot to York. The Government is pressing ahead with a bill to force football clubs to adopt a national membership scheme. The idea, in my opinion, is an enormous mistake.

Let no-one think that I, or any other opponent of the scheme, is complacent about the problem of hooliganism. It is tempting to believe that any action is better than no action at all. Tempting, but wrong.

First of all, the measure misunderstands the nature of hooliganism. It is not a phenomenon peculiar to football which can be solved simply by isolating and sanitising the game.

Many people have criticised the FA's former secretary, Ted Croker, for saying to Prime Minister Thatcher: "Keep your hooligans out of our stadiums." But it is a remark not far from the truth. Violence — or at least aggressive, loutish behaviour — is a regular sight these days in Britain whether you are sitting in the pub, standing on the Tube, attending a cricket match or walking home late at night.

By attaching glib headlines, such as "lager louts," to the problem, newspapers pull off their normal trick of sensationalising and trivialising the issue simultaneously. But the publicity has given force to Croker's remark — violence is a problem for society, not just for football.

It must be apparent that such a shift in people's behaviour cannot be remedied by any one-off, simplistic measure. Indeed, the trouble that seems to have prompted the Government into action — the street fights in West Germany during this year's European championship series — illustrates the flaws in the membership scheme. Such a scheme would have had no impact on the German troubles which occurred outside, not inside, grounds.

Drunken English youths in "Union Jack" shorts can be seen any day of the week in a Spanish holiday resort. Sunshine made them congregate in Spain, football in Germany; but, no doubt, if enough alcohol was provided, they could be roused to violence at a synchronised swimming festival.

Trouble outside the grounds is, I suspect, a problem of much greater concern to the public than terrace violence. Most people do not go to soccer matches and they would prefer that the yobs were out of the shopping centres and at the matches on a Saturday afternoon.

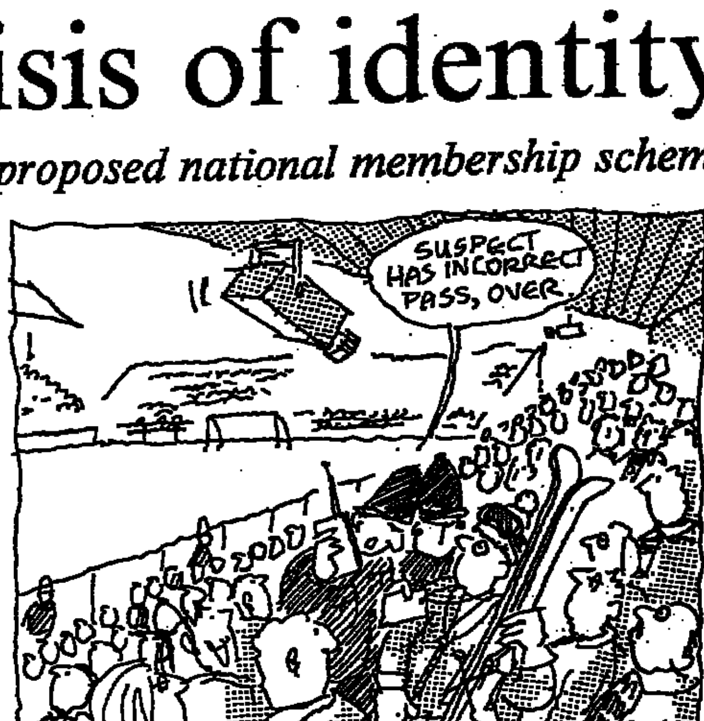
Which brings one to the second problem with the membership scheme. It will, inevitably, lead to long queues outside matches as fans file in. Colin Moynihan, the Sports Minister, said this week that the technology would allow people just to "touch the card on a small pad at the turnstile. This does not require cabling, rewiring or long queues. It does not even require you to stop."

But what about fans who forget their cards or who have bent them, cracked them, or otherwise mistreated them? And what if the system fails? Anyone who uses a Cashpoint card to withdraw money will know how often such machines are out of order.

And what about fans whom the machine wants to exclude? Do we expect them to doff their caps, say: "It's a fair cop, guv," and sidle away quietly? Surely, if such people are troublemakers they will argue, they will complain, they will cause a rumpus.

Queues *will* occur, whatever Moynihan says, and consequently there will be thousands of angry impatient fans of both teams mingling outside the ground. A greater recipe for chaos is hard to imagine.

It is hard to see what membership cards will do to solve trouble inside the ground, either. The problem is not as bad as it was: last season's arrests, at 6,147, were 1,000 down on the 1984-5 season and the evidence is that closed circuit TV has improved the ability of the police to detect offenders.



Apart from CC-TV, the police tactics in containing violence have centred on separating rival fans. Membership cards will not help. The smart hooligan (and some of them are very smart) will simply register on the books of a small club. As neutrals, they will then be able to infiltrate the terraced ranks of rival supporters.

In one crucial respect, membership cards may make things worse. The casual supporter will be deterred from attending games, leaving the grounds to the more committed — and, on average, probably more violent — supporters.

I do not believe the argument that families will return to the game because they feel hooligans will be excluded by the membership scheme. At Luton, which has operated a membership scheme for two seasons, last year's average gate was just 8,038, 20 per cent down on the previous season. Crowds fell despite the fact that the side was performing extremely well, eventually winning the Littlewoods' Cup!

Across the country, inertia will prevent many people from making a membership card application. Crowds will fall and violence will still occur, outside the grounds as well as within. Suffering will be inflicted, not on the hooligans but on the finances of the football clubs. Small clubs, in particular, will be faced with a hefty bill to install the system and smaller crowds to pay for it. Many look likely to fold.

All these footballing problems may not concern those who are impatient with the ugly side of the game. To those people, I address one last argument — civil liberties.

Why does my name have to be entered on a national computer, together with all kinds of personal details, in order for me to be allowed to watch a football game? What use will be made of such information? Already, there are commercial organisations queueing up to buy the list. Must I suffer the slings and arrows of junk mail because I want to watch Rochdale versus Doncaster?

There are many things that could be done to try to reduce hooliganism: a swingeing tax on alcohol, longer sentences for offenders and greater levels of policing, for example. The membership scheme is not the answer.

Towards a brighter future for Britain's tennis hopes

***John Barrett** on a scheme which hopes to generate £22.5m*

THIS WEEK'S Prudential national championships at the Queen's Club in west London (staged beautifully, by the way, and worth a visit today or tomorrow) have thrown into stark relief the paucity of talent in the British game. Neither Andrew Castle nor Jeremy Bates, the UK's two top men, is ranked in the top 150 — a group that includes 15 Swedes, three of whom are in the top 10. Britain's women are little better. Only three are in the top 100 and even one of those was brought up in the United States. By comparison, Argentina have four in the top 50.

About two years ago, I seem to remember writing in similar vein and suggesting that the solution lay in introducing the game to a wider public. It is a simple equation, I explained: more people playing tennis, plus more competition, equals higher standards. This, I went on, would require a huge building programme to provide dozens of permanent indoor courts throughout the country.

Well, at last it is happening. The Indoor Tennis Initiative, a grant-aid venture in which the Lawn Tennis Association, the All England Club and the *Sports Council will spend* £7.5m jointly over the next five years to generate a total investment of £22.5m, was launched in May 1986. Inevitably, the scheme took some time to gather momentum but now three new centres are operating — at St Albans, Swansea and Sunderland. All are prospering. *The fourth, at Warring*ton, has been in use since September and was opened officially yesterday by the chairman of the local authority's leisure services committee, councillor Terry Whelan, with support from pop singer Cliff Richard.

Britain's top men Bates (above) and Castle (right) . . . not in the top 150

Warrington's enterprising *council has persuaded Pilking*ton Glass to sponsor the new centre to the tune of £100,000 over the next three years. Perhaps it got the idea from the Puma Sunderland Tennis Centre, where the sports company agreed to support the third ITI centre in return for having their name associated with it. *But this marriage between* local government and industry exactly fits present government thinking and reflects one of the recommendations of the Smith committee which published its report on the state of British tennis in 1980. Can it really have been so long?

I fancy John Smith, chairman of the Liverpool Football Club, will be as happy about yesterday's events in Warrington as he must have been with his team's success against Arsenal the other day. His dream of providing relatively cheap indoor tennis in comfort for the masses seemed a long way off in 1980. But the truth is that, by the end of 1989, there will be additional ITI centres operating in Swindon, Bodmin, Cambridge, Solihull, Nottingham, Sheffield, Wigan, Margate and Edinburgh. By the end of 1990, there should be some 25-30 centres in operation *with approximately 130 courts* in use.

This represents a potential community of about 58,000 players, the majority of whom will be newcomers to the game. A promising start, certainly, but it is still only scratching the surface. From a total of 200 permanent indoor courts in the whole of Britain in 1982, there will be about 400 by the end of next year. We must remind ourselves continually that in Sweden, with its population of only 8.3m, there are almost 2,000 indoor courts.

The private sector is playing an increasingly important part in the present expansion. There are several schemes underway with those promoted by former Davis Cup player David Lloyd being the most spectacular. Shortly after Christmas, his luxurious Raynes Park sports complex in south-west London's suburbia, *with its 12 indoor courts, will* open. These will be followed later in 1989 by two more David Lloyd centres in and near London at Finchley and Chigwell, representing 24 more courts.

Alongside this building programme, the game in Britain is trying busily to improve its competitive structure. In January, the LTA will launch its new registered membership scheme. For a modest outlay of £12 (£8 for a junior and £18 for a family), a registered member will receive a card that will enable him to compete in any of the year-round national LTA Volkswagen ratings tournaments that take place throughout the country, as well as in many other county and club competitions. There were 400 ratings tournaments in 1988 with some 18,000 participants. A player's results earn him a rating that enables him to find his level in the game wherever he plays — at his club, in the park, or even on his own court at home.

It is these national ratings, and the league competitions associated with them, that have been responsible largely for the spectacular growth of the game in Germany and France, where there are now more than 1.5m registered club members. The target for the first year of the new LTA *scheme is 30,000 but I will be* surprised if the numbers are not nearer 50,000.

At junior level there is much activity, too. There have been more than 20,000 starters for the Coca-Cola badge award scheme through Star Clubs that have been operating on once-empty municipal courts. A youngster who completes the course gets a free rating card for a year so that he can compete in any of the ratings tournaments.

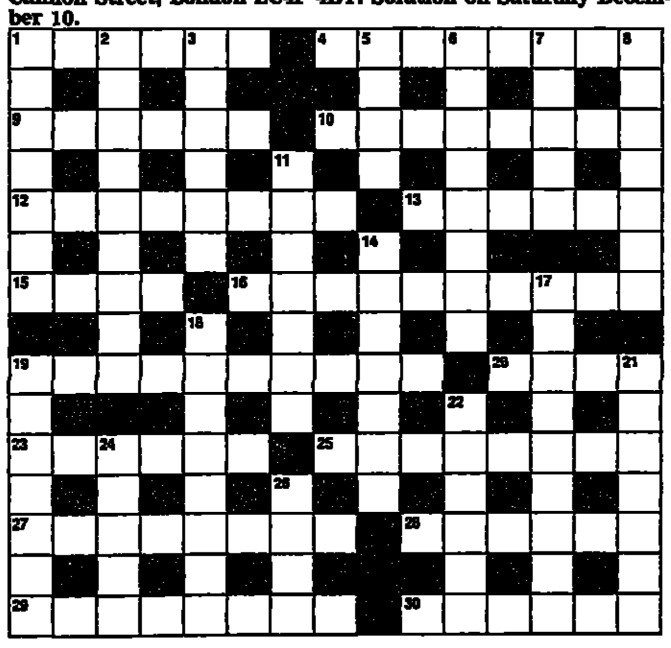
Despite Britain's dismal international record, there is at last a genuine feeling that the game is growing again after 20 years of stagnation. The LTA has begun finally to shake itself from slumber and do the job with which it was entrusted from its foundation a century ago — namely, to promote the game in Britain. It is now a matter of marketing tennis to the masses: no easy matter with such competition for everyone's leisure time.

However, as LTA executive director Ian Peacock says: "We've got to create the game that captures the hearts and minds of the 12-year-olds. Daley Thompson was here at Queen's the other day, watching the national championships. Now, if only someone had enthused him about tennis when he was 12, I'm willing to bet we would have had a world champion." He could be right.

CROSSWORD

No. 6,796 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday December 7, marked Crossword 6,796 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday December 10.



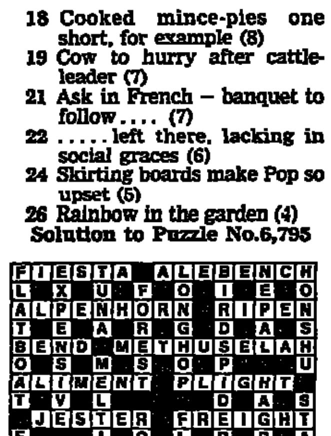
ACROSS

1 Perfectly good probationer? (6)
4 Anguish of girl with burden (8)
9 Bennett's card-engine has tail broken off (6)
10 Essential triangle parts in arrangement (8)
12 Fitted to a barrel, it quietens the saloon (8)
13 Scattered, some begin to analyse sentence (6)
15 Rent of retired cricketers (4)
16 Sixteen wriggling into bed? That is living together! (10)
19 Chopped caper with mountainous piece of cheese (10)
20 Pain in stomach explained (4)
23 Take away sailor with pipe (6)
25 Fellow with double Dutch problems? (8)
27 Sign of a loose washer? (8)
28 Take skin off pickle (6)
29 Cyrano's tendency to pry (8)
30 Meal that puts Dad into doze (6)

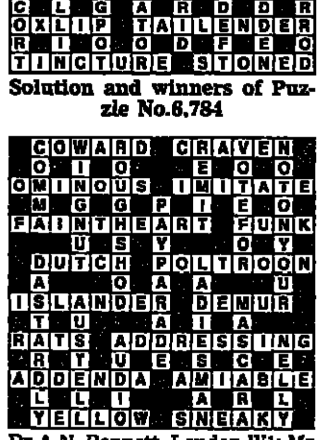
DOWN

1 She makes sin seem sorry (7)
2 Swing makes one empty and sick inside (8)
3 Some change reported in these keystones (6)
5 Bits charged — positively! (4)
6 Spring in lock of hair — or in fringe, say (8)
7 Headless bogeyman makes a mistake (5)
8 Five in Channel strait keeping heads above water (7)
11 Retainer is back in garage (7)
14 Call from former wife over maintenance demand (7)
17 Dish left in derelict hacienda? (9)
18 Cooked mince-pies one short, for example (8)
19 Cow to hurry after cattle-leader (7)
21 Ask in French — banquet to follow.... (7)
22 .... left there, lacking in social graces (6)
24 Skirting boards make Pop so upset (5)
26 Rainbow in the garden (4)

Solution to Puzzle No.6,795



Solution and winners of Puzzle No.6,784



Dr A.N. Bennett, London W1; Mr I.J. Bidgood, Chorleywood, Herts; Mrs F. Hall, Newcastle, Staffs; Mr D. Hurwith, London SW15; Mr D. Newall, New Delhi, India.

TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1

[illegible]

BBC2

[illegible]

7:00 A Night at the Chinese Opera (with Radio 3). Judith Weir introduces Kent Opera's production of her new opera, based on one of the most famous plays in Chinese [illegible]

LONDON

[illegible]

CHANNEL 4

[illegible]

S4C WALES

[illegible]

IBA Regions as London except at the following times:

ANGLIA

[illegible]

BORDER

[illegible]

CENTRAL

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

TSW

[illegible]

TVS

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

YORKSHIRE

[illegible]

(S) Stereo on FM

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

SUNDAY

†Indicates programme in black and white

BBC1

[illegible]

BBC2

[illegible]

LONDON

[illegible]

CHANNEL 4

[illegible]

S4C WALES

[illegible]

IBA Regions as London except at the following times:

ANGLIA

[illegible]

BORDER

[illegible]

CENTRAL

[illegible]

CHANNEL

[illegible]

Lillian Gish, who stars in a classic silent drama, "The Wind," on Channel 4 at 2pm

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

HTV WALES

[illegible]

TSW

[illegible]

TVS

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

YORKSHIRE

[illegible]

(S) Stereo on FM

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]